Semiannual Balance Sheet to December 31, 2014

Banco de Occidente

AGENDA
ORDINARY STOCKHOLDERS GENERAL No. 118
February 26 / 2015

1. Verification of Quorum
2. Reading and approval of the Agenda
3. Appointment of Commission to approve the Minutes
4. Report by the Secretary the Chairman of the General Meeting
   - 4.1 Summons of the General Meeting
   - 4.2 Information to Colombia Finance Superintendence
   - 4.3 Documents available to Stockholders
   - 4.4 Report about compliance with Resolution 116 of February 27/2002, issued by Superintendence of Securities
   - 4.5 Certification of financial statements and other reports, article 46 in Act 964/
   - 4.6 Submission of action plan convergence towards International Financial Information Standards (**IFRS**)
   - 4.7 Management Report by the Financial Consumer's Ombudsman 2014 (item 2.4. Part I, Title III, Chapter 2 Legal Basic Circular Letter
   - 4.8 Reform to Articles of Incorporation, article 25, about the right of each stockholder to appoint one or several proxies before the General Meeting
5. Report by the Chairman of the Board of Directors to the General Meeting, consideration and approval of such report
6. Report of the Board of Directors about the duties of Audit Committee
7. Redding of financial statements of individual general purpose, the profit and loss account as of December 31, 2014 and concept of Statutory Auditor. Submission to the consideration and approval by the General Meeting
8. Project profit distribution and compliance with the decision by the General Meeting
9. Reading of consolidated general purposes financial statements, the profit and loss account as of December 31, 2014 and concept by the Statutory Auditor. Submission to considered.
10. Election of Principal and Substitute Members of the Board of Directors
11. Election of the Statutory Auditor and the substitute thereof for the operation period April 2015 to March 2016, assignment of fees and budget
12. Election of Financial Consumer's Principal Ombudsman and the substitute thereof, and approval of budget
13. Propositions

Significant Data

Million Colombian Pesos

	December-10	December-11	December-12	December-13	December-14
Total Deposits 1/	10.972.345	12.245.531	14.343.571	17.718.296	20.257.873
Total Placement 2/	11.822.457	14.571.338	16.808.026	19.439.006	20.931.960
Investment 3/	4.077.114	3.583.562	3.863.460	4.787.462	6.142.818
Capital and Legal Reserve	1.240.981	1.676.540	1.935.231	2.216.167	2.427.925
Total Asset	17.561.403	20.950.830	23.610.192	27.559.648	30.440.463
Half Year Profits	389.471	441.280	511.126	455.869	1.200.811
Monthly stock dividend	105,00	108,00	115,00	130,00	144,00

Note

1/ Include Current Account deposits, Time Deposit, Saving Deposits, Trust Funds, Bank Collection Services.

2/ Include Credit Portfolio, Provisions, Credit to Employees, Accounts Receivable, Credencial Clients L/T, Account Receivable F/C, excepting sundry Accounts Receivable F/C

3/ Includes Interbank Ordinary Funds Sold, Sale back and investment commitments

4/ Value of dividend at the closing operation period

Board of Directors
2013 - 2014

Principals

Hector Vesga Perdomo
Ricardo Villaveces Pardo
Iván Felipe Mejía Cabal
Felipe Ayerbe Muñoz
Liliana Bonilla Otoya

Substitutes

Mauricio Gutiérrez Vergara
Adolfo Varela Gonzalez
César Caicedo Jaramillo
Gilberto Saa Navia
Mauricio Iragorri Rizo

Luis Carlos Sarmiento Angulo
Consultant

Efraín Otero Alvarez
President

Douglas Berrío Zapata
Legal Vice President

Alfonso Mendez Franco
Financial Vice President

Gerardo Silva Castro
Corporate Vice President

Mario Ernesto Calero Buendía
Personal Bank Vice President

Efraín Velásquez Vela
Credit and Surety Vice President

Daniel Roberto Gómez Vanegas
Operations and Systems Vice President

Mauricio Celin Gallo
Customer Service Vice-president

Julio Cesar Guzman Victoria
Credit Vice President

Johnny Leyton Fernández
Risk and Collection Vice President

Eduardo Correa Corrales
Human Resources Vice President

Dario Piedrahita Gomez
Government Banking Vice President

Ignacio Zuloaga Sevilla
Corporate Bank Vice President

Francisco Monroy Guerrero
Corporate Banking Vice President 1

Constanza Sánchez Salamanca
Corporate Banking Vice President 2

Wilson Romero Montañez
Statutory Audit – KPMG Ltda.

Report by the President

In compliance with statutory obligations, we are pleased to submit to Stockholders the Results of Bank Operations corresponding to the **second** half-year 2014 operational period.

Legal Standards

Among the measures and regulations issued during the half-year period, directly influencing financial sector, the following modifications are emphasized:

- **Changes in the Tax Statement**

Act N°1739 of December 30, 2014 of Congress of the Republic of Colombia: whereby the Tax Statute and Act 1607/2012 are regulated, and the mechanisms. Among the provisions, the following:

I. The wealth tax created for the years 2015, 2016, 2017 and 2018, superseding the so-called wealth tax, taxing the net patrimony higher than COP1.000M, beginning in 1,15% in 2015, 1% in 2016 and 0,4% in 2017.
II. The tax normalization complementary tax is created in order to normalize asset omitted or inexistent liabilities. With 10% in 2015, 11.5% in 2016 and 13% in 2017.
III. Aspects related to the income tax over the Income for the Equity (CREE) are regulated
IV. The overcharge to Income Tax for the Equity (CREE) is created as advance, for profits higher than COP800MM. Beginning in 5% in 2015, 6% in 2016, 8% in 2017 and 9% in 2018.
V. Articles are added up to regulate those aspects related to the Income Tax,
VI. Mechanism to fight evasion are established and
VII. Amendment about the rate to financial transactions are made, to be maintained up to 2018 in 4x1000, which will be gradually derogated between 2019 and 2022.

- **Act of Transparent Price**

Act N°1748 of December 30/2014 of Congress of the Republic of Colombia: Whereby the obligation to offer transparent information financial services consumers is established. Among its provisions, the Act 1328/2009 is amended related to information addressed to financial consumer to establish that the controlled entities will be under the obligation to inform their clients, in addition to the interest rate effectively paid, or received the entities, the total Unified Value for all concepts, effectively paid by or received from the entities irrespective of active or passive operations, given in effective annual percent terms and the result in pesos for the period reported and will include all the concepts effectively paid to received by the client.

- **Substitutive Placements of Finagro**

External Resolution No. 07 of August 29 / 2014 of Banco de la Republica of Colombia: whereby regulations are issued in connection with the mandatory investments in Securities of Agribusiness Development –SAD- for the purposes to change the financial conditions to compute substitutive placements for the compliance of the investment required. This way, it is determined that the amount of the substitutive portfolio from up to 150% of the amount of current portfolio corresponding to agribusiness and rural microcredits, approved and disbursed as from September 1, 2014, the amount of which is lower than or equal to eight (8) minimum monthly legal salaries prevailing, irrespective of the producer's qualification, may by discount only from the base of calculation of investments in SAD Class B.

- **Calculation of Technical Patrimony**

Decree N°1648 September 2, 2014 from the Ministry of Treasury and Public Credit of Colombia: whereby the Decree 2555 is amended related to the instruments included in the technical patrimony of credit entities.

- **Code Country for Issuers of Securities**

External Circular Letter No. 28 of September 20, 2014 by Colombia Finance Superintendence: whereby the new Country Code is introduced (code of the best cooperative practices in Colombia) for Issuers or Securities, for the purpose to adopt the international standards, mainly from OECD and the World Bank. The new code is comprised by 33 measures, joining up 148 recommendations. Such measures relate to rights and equitable treatment of stockholders, general meeting, board of directors, architecture of control, and transparence and financial and non-financial information.

- **Companies Specialized in Deposits and Electronic Payments**

Act N° 1735 of October 21/2014 by the Congress of the Republic of Colombia: Whereby the Companies Specialized in Deposits and Electronic Payments are created, which exclusive purpose is to capture of resources through electronic deposits, make payment and transfers, take loans within and outside the country, to be used specifically to finance their operations (in no any event, public resources to pay such obligations will be used) and send or receive financial remittances..

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Bank's Results

In the second semester 2014, the stability and recovery indexes in Europe show economies, such as Greece, Spain, and Slovakia show positive behavior of the GDP, and therefore, the monetary expansive policies will be maintained for longer time. In the US economy, 3.5% Indexes in GDP are already reaching, the unemployment reduction in maintained, and there is stability of the inflation indexes, and therefore the stimuli of monetary policy have been declined and strengthening the price of currency. On the other hand, China's economy decelerated the positive tendency in the production, due to the stagnation of the international demand. Such situation influenced negatively the price of raw materials at the worldwide, that, in the case of oil was higher because de OP decided to maintain the production participation leading to significantly reduce the oil price under USD50 /barrel, such situation affecting many of the emergent economies, as Mexico and Brazil.

In this environment, Colombian Economy maintains positive indicators with decelerating tendency before the uncertainty of foreign markets. Our economy reached 4.2% annual growth in the third quarter 2014 in the GDP, even though with troubling prospects concerning the fiscal shortage, if the oil price remains unchanged. Where outstands, from the demand standpoint, the annual growth of the capital gross formation 12.3% and the exports 5.3%, supported on the growth of credit and fortress of dollar. At the level of the different economic sectors, those showing higher dynamism are construction, 13.7.%, social, community and persona service activities, 5.7%, commerce, repairing, restaurants and hotels with 5,1% and financial establishments, insurance, real property activities, reaching 5.5 growth.
El anterior behavior has allowed maintaining the positive tendency of employment conditions, and therefore, unemployment rate as of November 2014 reached 7.7%, showing 0.8 points reduction compared to the same month of the precedent year.

The accumulated inflation recorded at the closing period December 2014 was 3.66%, showing a higher level in 1,72 percent points compared to that recorded in the precedent year.

On the other hand, the market representative rate went from Col$1,881.19 on June 30, 2014 up to Col$2,392.46 on December 31, 2014, which represented during this period 27,18% devaluation

In the second half-year 2014 the availability of net resources was maintained with financial system transactions, mainly addressed to the placements of portfolio, due to the significant dynamics showed by gross capital formation, with the stimuli of low rates and government subsidies in such sectors as construction. On November 2014, total portfolio of the credit establishments showed 10.33% annual real increase where the modality of the higher growth was housing credit with 14.51%, while the lower dynamics was that of microcredit with 7.25%.

Concerning interest rates, between June and September 2014 the Board of Banco de la Republica made the decision to increase by 50 basic points the intervention rate on December 2014 up to 4.50%, Inter-banking Rate also raised going from 4.02% EA on June 2014 up to 4.51% EA recorded at the closing December 2014. DTF reference rate does not react in the same way, inasmuch as it went from 4,01% AE on June 2014 up to 4,34% EA recorded at the closing year, and Legal Limit Usury Rate showed a downward trend on July-September 2014 reaching 29.00% EA, for the period January-March 2015 up to 28.82% EA.

.The Credit Institutions, as a whole, showed positive behavior on November 2014. Annual growth of deposits in the Credit Establishments was 5.66% annual. In the cumulate profits at the closing November 2014 reported $7,415MMM total, recording 7.3% annual growth

Within the aforementioned environment, Banco de Occidente showed the following results at the closing period December 31, 2014:

Total Asset grown by $2,880,815MM compared to closing 2013, representing 10.45% annual growth reached as of the closing period December 2014 and total $30,440,463MM. In semiannual term, the asset grown $738,241MM equivalent to 2.49% semiannual growth.

Legal and Foreign Tender Credit Portfolio grown by $1,484,634MM compared to 2013, equivalent a to 7.65% annual increment.

Credit Portfolio ranked C, D and E, showed $829,509MM total balance, representing 3.97% total Credit Portfolio. At Banking System level at the closing November 2014 this ratio reached 3.74%.

Provisions Balance for Asset Protection, at annual closing reached $878,581MM total, with 14.02% annual growth. At the closing period, the Coverage for Portfolio Provisions compared to credit value ranked C, D and E was 44.90%, such index maintaining level lower to that recorded for the Total System, which at the closing period November 2014 was 60.98%.

Total Investments and Interbank Funds Sold reached COP6.142.818MM, growing 28.31% compared to precedent year and 5.25% compared to June 2014. On December 2014 the sale of 9.1981% of participation in Corficolombiana to the Aval Group, equivalent to 20.008.260 shares, representing a revenue for the Bank for COP734.072MM, obtaining the Band a participation in Corficolombiana by 4.5951%, equivalent to 9.837.882 shares

Total behavior Deposits at the closing December 31, 2014 reached COP20,257,872MM growing COP2,511,659MM compared to December 2013 and COP 612,041MM versus June 2014, which means 14.15% annual percent growth and 3,12% semiannual percent growth

Analyzing Deposits Composition, it is possible to conclude that this growth is explained mainly by the increment in the Time Deposits reaching COP 5,244,182MM growing COP 1,460,909MM compared to the 2013, representing 38.61 percent annual growth.

The balance at the closing period December 31, 2014 for the total Bonds issued by the Bank was $2,269,806MM.

Operation invoicing with Credencial Credit card reach $3,449,727MM on December 2014, which means $1,320,500MM increase at 2013, equivalent to 62.02% annual growth. The quantity of card placed in the market as of December 31, 2014 was 512,366 cards, an increase by 44,189 cards compared to 2013, representing 9.44% annual growth

Bank's Total Patrimony showed an amount of $4,061,609MM, growing by $258,166MM related to the precedent year and by $105,505MM related to June, 2014, which represents 6.79% annual growth and 2.67% semiannual growth.

Annual Net Profit at the closing period December 2014 was COP 1,200,810MM higher by 163.41% tan the profit obtained in the precedent year

Total Asset Annual Profitability at the closing period December 2014 was 6.18% and patrimony profitability was 46.32%, showing a positive tendency compared to June 2014 where reached 1.75% and 13.16% respectively. It is worth noting that similar behavior is seen in the Credit Establishments at the closing November 2014, the last datum available of Colombia Finance Superintendence where Total Asset 1.7 % and Net Worth 11.5% profitability is recorded

Tax and Legal Contributions

Total Tax and Legal Contributions at the closing second semiannual period 2014 reached $157,281MM lower amount than that recorded in the first half-year 2014 of $22,190MM, and representing 12.4% semiannual decrease. Effective Income and Complementary, indirect Tax and Legal Contributions decrease compared to the estimated as of June 2014, from an interest rate 14.3% .The detail of these figures are shown in the Table below:

Figures (in Million COL$)	II Half-Year 2014	I Half-Year 2014	Variance ($)	Variance (%)
A. Income and Complementary Tax	59.588	96.157	-36.569	38.0%
B. Patrimony Tax	17.066	17.066	0	0,0%
C. Excise Tax	39.206	29.842	9.364	31,4%

VAT	24.999	16.487	8.512	51,6%
Industry and commerce Tax	11.488	10.571	917	8,7%
Real Estate Tax	1.356	1.325	31	2,3%
Overcharge and cost	1.289	1.321	-32	-2,4%
Registry and annotation	74	138	-64	-46,4%
D. **Bank Superintendence Contribution**	3.756	2.161	1.595	-73,8%
E. Deposit Insurance	28.481	25.165	3.316	13,2%
F. Financial Transaction Tax (4/1000)	9.184	9.080	104	1,1%
G. Total Tax and Legal contribution (A+B+C+D+E+F)	157.281	179.471	-22.190	-12,4%
Decreed Dividend	134.697	128.150	6.548	5,1%
H. Tax / Decreed Dividend	116,8%	140,0%		
I. Effective Rate of Income & Complementary Tax	6,0%	27,0%		
J. Effective Rate Income and Complementary , and Indirect Tax and Legal Contributions	14,3%	40,8%		

Affiliates and Associated Companies

The affiliate **Banco de Occidente - Panama S.A.** reached at the closing operational period US $1,003,784M, total asset, representing 16.21% annual growth. The profit at the closing on December 31, 2014 was US $4,339M, which in percent terms indicates decrease of 10.17% compared to 2013.

The affiliate **Fiduciaria de Occidente S.A.** at the **closing** of this operational period showed $221,578MM total asset, which means 36.30% growth compared to December 31, 2013. Accrued profit at the closing December 31, 2014 was $32.123MM reaching 5.78% annual growth.

The affiliate **Occidental Bank Barbados Ltd.** recorded at the closing December 31, 2014 US$255,929M Asset representing 23.91% annual growth. In the 2014, a cumulate profit of US$424M was obtained, which means 42.19% decrease compared to 2013.

The associated **Corporación Financiera Colombiana S.A.** recorded on December 31, 2014 $7,900,772MM asset which in percent terms represented 24.95% annual decrease. $501,576MM lower by 10.06% annual than that recorded on December 2014.

Fondo de Pensiones y Cesantías Porvenir, showed at the closing operational period $1,886,941MM total asset, reaching 15.24% annual growth. On the December 31, 2014 the profit was $279,607MM, which means a growth by 38.91% compared to 2013.

Relationship Bank Underlying Companies

Below the amount of operations made between the Bank and its underlying companies is showed, including the Balance Sheet and Statement of Results of the second half-year 2013 the detail of which is showed in the Note 31.

Account	Banco de Occidente Panama	Fiduciaria de Occidente	Occidental Bank Barbados Ltd.	Sales and Services	Grupo Aval
Total Asset	84.934	188.383	68.487	9.726	0
Total Liabilities	791.619	1.209	48.242	2.627	71.583
Total Income	0	13.300	98	80	71
Total Expenses	3.964	59	388	23.828	5.703

Note: Figures in Million Colombian Pesos

Operations with Stockholders and Directors

As of December 31, 2014 the Bank had loans for $216,760MM with admissible guarantee, and $70,960MM with other guarantees granted to its stockholders under market conditions. At the same closing date, there were loans granted to Directors for $9,246MM, supported basically on credit card operations and credit operations to purchase house and vehicle, according to conditions stipulated by the Bank to its employees. At the closing date there exist no credits granted to stockholders holding in the Bank any stock participation higher than 10%.

Bank Foreseeable Evolution

Considering the results of Financial System as a whole during the last year, it is anticipated that the Bank will maintain profitability indicators and financial efficiency favorable comparable to the system average, as historically has occurred.

Alter Closing Operational Period

As required by Article 47, Act 222 / 1995, it is stated that there has been no any external or internal significant event potentially influencing the normal operations development and the results of the Bank, from the closing balance sheet up to the date of this report

Qualification of Risk

Upon the closing of the operational period, Banco de Occidente keeps, for eighteenth consecutive period, the AAA rank, the highest credit qualification for the long-term debt and BRC1+, the highest certainty of payment of short-term debt, granted by BRC Standard & Poor's.

Disclosing of Financial Information

In compliance with the provisions in articles 46 and 47 of Act 964/2005, Banco de Occidente hereby certifies that financial statements and other relevant reports for the public do not contain misstatements, or errors preventing from knowing the true patrimonial or operational situation conducted by the entity. Additionally, disclosure and control systems used by the Bank to incorporate the information contained in such financial statements and reports addressed to the public are adequate, based on truthful information and subject to audit made by the Bank and Statutory Auditor KPMG under the supervision of Board of Directors' Audit Committee.

Evaluation about the Performance of Internal Control System

According to provisions in title 1, Chapter IX, item 7.7.1.3, paragraph XV, of Basic Legal Circular, Banco de Occidente and its affiliated companies evidenced that its Internal Control System is effective when evaluating the components performance: Environment of Control, Risk Management, Control Activities, Information and communication, Monitoring, Technology Management, Accounting Management, and Internal Bodies.

Liquidity Risk

Concerning Liquidity Risk Management, the Bank obtains for the second semester 2014 a significant increment in levels of net asset, which reached COP5.8 billion and represented an optimal amount to cover liquidity requirements. For the reasons above, the mean indicator under SFC methodology of Liquidity Risk IRL at 7 days amounted to COP5.6 billion and at 30 days COP4.9 billion, such values higher than those obtained in the previous semesters and reflecting an adequate management of liquidity. It is underlined in the management, the permanent tracking to early alert indicators showing a steady behavior of the ranks set out as normal conditions.

Market Risk

Market Risk management is represented mainly by fixed income portfolio management, which for the second semester 2014 reached an average of $4.3 billion and a mean maturity of 35 months and 93% securities of

Colombian government issuer participation, this concluded in an adequate market risk exposure level – VeR regulatory SFC- mean of COP196,979 million, such figure located within the limits set out related to the technical patrimony.

Laundry Asset Risk and Financing of Terrorism (SARLAFT)

The Bank, at the closing of the 2014 continued within the qualification of SARLAFT in the quite low risk, fully implementing the Risk Management of Laundry Asset and Financing of Terrorism and implementing its best efforts necessary to alleviate the risk related to this concept.

Among the highlighted issues the Bank made important investments as well in the human resource in order to protect the organization against Laundry Asset Risk and Financing of Terrorism. On the other hand, the semiannual reports corresponding to the results and effectiveness of management managerial activities were timely submitted to the Board of Directors, as well as the timely reports to the controlling bodies, taking into account the clients monitoring, the analysis of unusual operations, the alert signals, the operations reasonability, the results of annual training program addressed to all of the employees and the report of Conglomerated Risk. In the same way, the Tax Inspection Unit KPMG, evidenced before the Board of Directors, in compliance with the Audit Plan, the results of the evaluations made to SARLAFT, whereby it is underlined the satisfactory results of the evaluation and that there were no material improvement opportunities.

Operative Risk Management System - ORMS

The Bank has accomplished with the provisions in Chapter XXIII of Accounting and Financing Basic Circular Letter "Regulations Related to Operative Risk Management", by the identification, measurement, and monitoring of the Operative Risks and Business Continuance.

The Operative Risk Management System –ORMS- of the Bank includes policies, procedures and methodologies guiding the management by the analysis of risks and operative controls and continuance, the monitoring registry of operative risk events and reduction of risk exposure levels. This management is evidenced both in the reports submitted by management to the ORMS committee and to the Board of Directors, and in the reports to Internal Audit and KPMG Statutory Auditing.

Concerning training, the Bank has accomplished with institutional training program, by means of virtual course addressed to all employees, and face training to third parties discharging duties of the entity.

At the closing period June 2014, Bank's operative risk profile shows low risk qualification.

Minimal Requirements of Security and Quality of Information Management

In compliance with External Circular Letter 042 of October/2012 (formerly Circular Letter 052 / 2007,022 / 2010), The Bank continues the refining process to comply with some initiatives based on the participation of the technology area.

Free Invoicing Circulation

In compliance with the provisions in Act 1231 / 2008 and supplemented with the Act 1676 / 2013, the Bank reports that it has not in place practices to retain invoices to our suppliers, by defining internal policies in order to ensure the free circulation of invoices issued by the vendors and suppliers.

Legality of Software

In compliance with provisions in Act 603/2000, the Bank advises that it has defined the policies, controls, and sanctions to urge the legality of Software used. The controls for software acquisition, development and maintenance, consistent with the legal requirements about copyrights, privacy and e-commerce, are mandatorily complied by the responsible areas. In this connection the internal audit performs continued monitoring in order to verify the appropriate compliance with the regulations.

Certification

According to provisions in article 57 of Decree 2649/1993 it is certified that statements contained in financial statements of the Banco de Occidente, as of December 31, 2014, have been previously verified, and that the information therein contained has faithfully taken from the company's accounting books, and that they do not contain omission of data, and that all economic facts have been therein recognized.

Personnel

Throughout the half-year the Bank was supported by the efficient and active cooperation of all employees. For such reason, the top management, in addition to recognize and stress this fact, acknowledges all their valuable participation.

Dividends

Duly authorized by Colombia Finance Superintendence, the payment of a monthly dividend for COP150.00, was submitted to the approval by the stockholders.

On the other hand, it was documented that the Bank's Board of Directors accepted, as its own, the Report of the President with 100% favorable voting of the attendees to the meeting.

Efraín Otero Alvarez
President

Opinion by External Auditor

TO. **Stockholders**
Banco de Occidente S.A.
Bogotá

I have audited all financial statement of Banco de Occidente S.A., comprising by which include the balance sheets as of December 31, and June 30 / 2014 and the comparative statement of results, change in patrimony, and cash flows for the semiannual operational periods ended on said dates and their respective notes including the summary of significant accounting policies and other explanatory information.

Bank's Management is responsible for preparing and proper submission of such financial statements in keeping with accounting principles generally accepted in Colombia and instructions of Colombia Finance Superintendence. This responsibility includes: design, implement, and maintain the internal control relevant to the preparation and submission of financial statements free from gross material error, whether due to fraud or error; select and apply the appropriate accounting policies, as well as the reasonable accounting estimates.

My responsibility consists of issuing an opinion about financial statements based on my audit. I obtained the information necessary to properly comply with my duties and made the examinations in accordance with the audit Standards generally accepted in Colombia. Such standards require the compliance with the ethical requirements, plan and make the audit in order to obtain the reasonable assurance that financial statements are free from gross material errors.

An audit includes the application of procedures to gain evidence about the amounts and disclosures in financial statements. The procedures selected are dependent on the external auditor's criterion, including the evaluation of risk of gross material errors in financial statements. In such risk evaluation, external auditor takes into account internal control relevant to prepare and submit financial statements in order to design audit procedures according to the circumstances at hand. An audit includes as well the evaluation and application of the appropriate accounting policies and the reasonability of balances accounting estimates made by company's management, as well to assess the appearance of financial statements in general. I consider that the evidence obtained provides a reasonable basis to support my outlook given below.

In my opinion, financial statements aforementioned, taken from the books and attached to this report, reasonably represent all the relevant material issues, Banco de Occidente S.A. financial situation as of December 31, 2014, and June 30, 2014, the results of its operations and the cash flows for semi-annual periods ended in the dates above, according to accounting principles generally accepted in Colombian and the instructions by Colombia Finance Superintendence, applied in a consistent manner.

Based on the results of my tests, in my opinion:

a. Bank's accounting has been made in line with legal provisions and accounting technique.
b. Operations booked and Managers' actions are in keeping with statutory provisions and decisions of the Stockholders General Meeting.
c. Correspondence, vouchers of accounts and book of minutes and stock registry are duly kept and maintained.
d. There are in place appropriate measures of internal control including risk management systems implemented; conservation and custody of Bank's property and third parties property in possession of the Bank.
e. Colombia Finance Superintendence provisions and directions related to the proper management and accounting of goods received in payment have been fully complied as evidenced in the balance sheet and the statements of results of Risk Management System applicable.
f. There exists consistence between financial statements herewith attached and the management report issued by Company's Management, which includes the statement by the management about the free circulation of the invoices with endorsement issued by vendors and suppliers.
g. Information contained in the auto-liquidation of Integral Social Security Contribution Declarations, especially those relative to affiliates and their base income for contribution, have been taken from the accounting records and supporting documents. The Bank is not in arrears in connection with contribution to Integral Social Security System.

I made the tracking of answers about recommendation letters addressed to Bank Management and there is no any material relevant issues pending potentially affecting my outlook

Signed
Wilson Romero Montañez
Banco de Occidente S.A. External Auditor
T. P. 40552-T
Member of KPMG Ltda.

January 26, 2015

Profit Distribution Project

1- Operational Profit		940.593.274.334,24
Total at the Stockholder General Meeting Disposal		**940.593.274.334,24**
Distribution Project		
1 Cash Dividend A Cash Dividend by Col$150.00 monthly per share is declared, payable monthly during the first ten days , from April, 2015 up to September, 2015, inclusive , on a total of 155.899.719 stocks subscribed and paid-in capital on December 31, **2014**	140.309.747.100,00	
Dividends decreed in the items above will be paid to bank stockholders registered in the shareholders book of the bank at the time each payment is due and according to regulations prevailing		
2. Creation of Reserve		
Reserve for marketable investments. (Dec. 2336/95).	7.813.525.790,98	
Fixed Asset Deferred Depreciation (Art. 130 Tax Statute)	3.758.160.260,47	
Reserve for dividend sustainability	200.000.000.000,00	
3. For Legal Reserve	588.711.841.182,79	
Equal Sums	**940.593.274.334,24**	**940.593.274.334,24**

Comparative Balance Sheet as of December 31, 2014

(Given in Million Pesos)

Asset		December 31, 2014		June 30, 2014
Available (Notes 5 & 31)	$	1.871.517		2.043.901
Active positions in Monetary and Related Market Operations (Notes 6)		221.712		626.879
Investments (Note 7 & 31)		5.921.106		5.209.738
Negotiable Investments in Certificates of Indebtedness	861.638		629.987	
Marketable Investments in Tittles of Participation	400.253		-	
Investment to maintain up to maturity	631.695		660.820	
Investments Available for Sale in Certificates of Indebtedness	3.240.410		1.899.980	
Investments Available of Sale in Certificates of Participation	553.601		1.618.232	
Rights of Marketable Investment Transfer in securities or certificates of indebtedness	85.770		120.697	
Rights of Investment Transfer available for sale in securities or certificates of indebtedness	90.814		239.674	
Investments Available for Sale delivered as guarantee in operations with derivatives financial instruments and other in securities of indebtedness	56.925		40.348	
Credit Portfolio and Financial Leasing Operations (Notes 8 & 31)		20.093.356		19.643.778
Housing Credits	132.925		70.217	
Category A, Norma Risk	134.039		70.804	
Category B, Acceptable Risk	122		125	
Category C, Appreciable Risk	120		-	
Less : Provision	(1.356)		(712)	
Credits and Consumption Financial Leasing Operations, Fit Guarantee	1.691.979		1.571.370	
Category A, Norma Risk	1.607.251		1.491.114	
Category B, Acceptable Risk	41.818		38.902	
Category C, Appreciable Risk	32.969		32.017	
Category D, Significant Risk	51.919		49.726	
Category E, Uncollectibility Risk	14.167		14.101	
Less : Provision	(56.145)		(54.490)	
Credits & Operations of Consumption Financial Leasing , Other warranties	3.356.716		2.995.774	
Category A, Normal Risk	3.283.464		2.922.184	
Category B, Acceptable Risk	84.171		86.094	
Category C, Appreciable Risk	49.975		42.598	
Category D, Significant Risk	56.739		51.543	
Category E, Uncollectibility Risk	46.354		42.979	
Less: Provision	(163.987)		(149.624)	
Credits and Operations of Commercial Financial Leasing, Fit Guarantee	6.561.433		7.453.606	
Category A, Normal Risk	6.024.783		6.801.367	
Category B, Acceptable Risk	333.199		426.693	
Category C, Appreciable Risk	100.557		121.738	
Category D, Significant Risk	140.180		136.233	
Category E, Uncollectibility Risk	41.515		52.491	
Less: Provision	(78.801)		(84.916)	
Credits and Operations of Commercial Financial Leasing, Other Guarantees	8.536.021		7.731.297	
Category A, Normal Risk	8.277.794		7.626.146	
Category B, Acceptable Risk	269.649		185.131	
Category C, Appreciable Risk	133.273		93.535	
Category D, Significant Risk	114.299		65.910	
Category E, Uncollectibility Risk	47.441		36.437	
Less: Provision	(306.435)		(275.862)	
Less: Contra-Cyclic Individual Provision	(184.375)		(177.777)	
Less: General Provision	(1.343)		(709)	
Spot Operations Acceptances and with Derivative Financial Instruments (Note 9)		249.865		103.509
Debtors for Bank Acceptances	22.512		21.682	
Spot Operations	-		(7)	
Operations with Derivative Financial Instruments – speculation	227.353		81.834	
Accounts Receivable (Notes 10 & 31)		633.533		551.053
Interest	153.131		155.288	
Leasing Operations Financial Component	19.597		25.924	
Commissions and Fees	3.864		4.131	
Rents of Goods Given in Operational Leasing	14.572		15.609	
Payment on Account of Clients	28.984		25.860	

Others	458.301		366.315	
Less: Provision	(44.916)		(42.074)	
Marketable goods received in payment and delivered back goods (Note 11)		20.330		18.659
Goods Received in Payment	22.694		25.639	
Goods delivered back of Leasing Agreements	28.250		20.965	
Less: Provision	(30.614)		(27.945)	
Property and Equipment (Note 12)		286.690		252.310
Land, Buildings and Constructions in Progress	267.696		251.285	
Equipment, Office Furniture and Fixture	54.172		44.551	
Computing Equipment	132.695		127.679	
Others	89.504		76.604	
Less: Accrued Depreciation and Amortization	(284.478)		(275.495)	
Plus: Deferred Depreciation	27.172		27.759	
Less: Provision	(71)		(73)	
Goods Given in Operative Leasing (12)		359.890		396.627
Machinery and Equipment	138.059		127.098	
Vehicles	77.202		75.220	
Computing Equipment	256.194		277.205	
Computer Software	113.577		119.372	
Other	91.367		93.087	
Less: Accrued Depreciation and Amortization	(306.823)		(289.696)	
Less: Provision	(9.686)		(5.659)	
Other Asset (Note 13)		274.218		365.522
Permanent Contributions	449		397	
Advanced Payments & Deferred Charges	124.871		116.293	
Intangible Asset	21.067		21.919	
Goods to Place in Leasing Agreements	97.507		100.338	
Other	31.175		127.902	
Less: Provision	(851)		(1.327)	
Valuations		508.602		490.381
Investments for Sale in Participation Papers of Low or Minimum market profitability or without Stock Exchange Quotation (Note 7 & 31)	197.455		183.676	
Property and Equipment	311.147		306.705	
Devaluations		(356)		(135)
Investments for Sale in Participation Papers of Low or Minimum market profitability or without Stock Exchange Quotation (Note 7 & 31)	(356)		(135)	
Total Asset		30.440.463		29.702.222
Contingent and Memorandum Accounts				
Contingent Credit Accounts per Contra (Note 23)		4.729.429		5.032.663
Debit Contingent Accounts (Note 23)		6.641.506		6.868.499
Papers delivered Operation. Repo-Simultaneous –Temporary Transf. Related Papers	176.584		360.371	
Interest Credit Portfolio and Financial Leasing Operation	71.977		62.574	
Rents and Sanctions in Operative Leasing Agreements	7.662		4.833	
Rights in Speculation Options and Coverage	201.204		138.888	
Other	6.184.079		6.301.833	
Debit Memorandum Accounts (Note 24)		39.394.964		37.688.330
Credit Memorandum Accounts per Contra (Note 24)		44.511.085		42.875.499
Total Contingent and Memorandum Accounts		**95.276.984**		**92.464.991**

Liabilities and Shareholders' Equity	December 31, 2014		June 30, 2014	
Liabilities				
Deposits and Payabilities (Notes 14 & 31)		20.434.006		19.773.444
Deposits in Bank Current Account	5.726.364		4.818.361	
Time Deposit Certificates	5.244.182		4.861.018	
Saving Deposits	9.127.976		9.857.874	
Other	335.484		236.191	
Passive Positions in Monetary Market and Related Operations (Note 15)		367.255		683.335
(Bank) Outstanding Acceptances and Derivative Financial Instruments (Note 9)		259.472		67.234
Bank Outstanding Acceptances	22.529		21.699	
Operations with Derivative Financial Instruments – of speculation	236.943		45.535	
Credits of Banks and other Financial Obligations (Notes 16 & 31)		2.266.339		2.037.896
Other Entities in the Country	624.816		807.715	
Overseas Entities	1.641.523		1.230.181	
Accounts Payable (Notes 17 & 31)		574.827		493.957
Interest	110.995		76.050	
Commissions and Fees	1.581		1.711	
Other	462.251		416.196	
Outstanding Investment Papers (Note 18)		2.269.806		2.412.527
Bonds	2.269.806		2.412.527	
Other Liabilities (Nota 19)		187.088		192.327
Accrued Labor Obligations	46.810		39.957	
Income Received in Advance	10.670		8.277	
Pension of Retirement	3.398		3.374	
Other	126.210		140.719	
Estimate Liabilities and Provisions (Note 20)		20.061		85.398
Labor Obligations	381		68	
Tax	15.754		81.195	
Other	3.926		4.135	
Total Liabilities		**26.378.854**		**25.746.118**
Net Worth				
Capital Stock (Note 21)		4.677		4.677
Number of Stocks 155.899.719				
Face Value each Stock: $30				
Reserve (Note 22)		2.605.234		2.479.714
Legal Reserve	2.423.248		2.325.198	
Statutory and Occasional Reserves	181.986		154.516	
Surplus or Deficit		511.105		1.211.496
Cumulated Profit or Loss non-realized in Available Investment for sale (Note 31)	2.860		721.250	
Valuations (Note 31)	508.601		490.381	
Devaluation (Note 31)	(356)		(135)	
Profit for the period		940.593		260.217
Total Net Worth		**4.061.609**		**3.956.104**
Total Liabilities and Net Worth		**30.440.463**		**29.702.222**
Contingent and Memorandum Accounts				
Credit Contingent Accounts (Note 23)		4.729.429		5.032.663
Sureties and Guarantees	690.469		594.518	
Letters of Credit	79.166		79.790	
Credits Approved and non-disbursed	1.836.058		1.645.033	
Opening of Credit	1.896.904		2.577.732	
Options Obligations – Speculation and Coverage	219.845		128.712	
Other Contingencies	6.987		6.878	
Debit Contingent Accounts per Contra (Note 23)		6.641.506		6.868.499
Debit Memorandum Accounts per Contra (Note 24)		39.394.964		37.688.330
Credit Memorandum Accounts (Note 24)		44.511.085		42.875.499
Total Contingent and Memorandum Accounts		95.276.984		92.464.991
Profit (Loss) Per Share (in pesos)		**6.033,32**		**1.669,13**

Cfr. Notes accompanying financial statements

Comparative Statements of Results

(Given in Million Pesos)

	Periods			
	From July 1 to December, 2014		From January 1 to June, 2014	
Direct Operational Income (Note 31)		4.104.212		1.860.094
Interest and Discount Redeemed Credit Portfolio	814.161		760.799	
Returns in Operations. repo, simultaneous Transient Transfers of values and Values and Other interest	23.490		19.632	
Profit in Valuation of Marketable Investments in Certificates of Indebtedness	20.962		15.878	
Profit in Valuation of salable Inventory in Tittles of Participation	72.623			
Profit in Valuation of Investments Available for Sale in Certificates of Indebtedness	76.167		54.782	
Profit in Valuations of investments to Maintain up to Maturity	4.073		4.635	
Profits in Positions in closing operations repo-open, simult. & temporal transfer. of Values	1.283		3.255	
Profit Made in Investment Available for Sale-Titles Participation in Corficolombiana (Note 7)	734.072		-	
Profit made in Investment Available for Sale – Other Titles	1.965		708	
Readjustment of Real Value Unit - UVR	1.858		779	
Commissions and Fees	114.541		105.134	
Profit on valuation of spot operations	8		1	
Profits in Derivatives Operations - de Speculation	847.324		313.499	
Changes	1.057.647		255.037	
Profit in sale of investments	13.069		1.306	
Operations Income - Leasing	320.969		324.649	
Direct Operational Expense (Note 31)		2.395.364		910.632
Interest, Deposits and Playabilities	336.713		256.352	
Interest, Credits of banks and other financial obligations	26.286		28.623	
Loss in Valuation of Marketable Investments in Participation Certificates	64.335		-	
Loss in Positions in closing of Operat. Repo Opened, simultaneous & temporal transfer. of Values	1.716		3.954	
Loss in investments available for sale	504		2.620	
Commissions	88.091		68.256	
Loss in Spot Operation Valuation	1		8	
Loss in Derivatives Valuations - of Speculation	889.363		306.383	
Changes	987.900		243.884	
Loss in Sale of Investments	455		552	
Direct Operational Result		1.708.848		949.462
Other Operational Income and Expense – Net		(147.808)		(119.137)
Other Operational Income (Note 25 & 31)		393.969		365.829
Dividends & Participations	81.862		76.184	
Recoveries	234.857		220.388	
Other	77.250		69.257	
Other Operational Expense		541.777		484.966
Personnel Expenses	182.864		172.671	
Other	358.913		312.295	
Operational Result before Provisions, Depreciations and Amortizations		1.561.040		830.325
Provisions		480.240		408.518
Credit Portfolio	301.615		262.304	
Accounts Receivable	35.521		31.227	
Property and Equipment	20		-	
Financial Leasing Operations	57.516		35.080	
Operative Leasing Operations	5.412		1.043	
Contra cyclic Component Individual Provisions	74.844		72.075	
Other	5.312		6.789	
Depreciations		86.667		84.022
Amortizations		31.142		31.810
Net Operational Result		962.991		305.975
Non-operational Income (Note 27)		42.549		58.492
Profit in Sale of Property Delivered in Payment and Delivered Back	1.723		2.412	
Profit in Sale of Property, Equipment and other Asset	221		63	
Profit in Sale of Written Off Property	27.856		32.051	
Recoveries	10.934		10.338	
Other Non-Operational Income	1.815		13.628	
Non-Operational Expense (Note 28)		5.359		8.093
Loss in sale of Goods Delivered in Payment and Delivered back	98		1.333	
Loss in the sale of Property – Equipment and other Asset	73		15	
Loss for Disasters	3.764		3.183	
Other Non-Operational Expense	1.424		3.562	
Non-Operational Net Result		37.190		50.399
Profit before Income Tax		1.000.181		356.374
Income and Complementary Tax and Cree (Note 29)		59.588		96.157
Profit of the Operational Period		940.593		260.217

See notes accompanying Financial Statements

Cash Flow Statements

Half-year periods ended on December 31 and June 30, 2014

(in Million Col$)		December 31, 2014	June 30, 2014
Cash Flow of the Operational activities:			
Net Profit	$	**940.593**	**260.217**
Adjustment to reconcile Net Profit and Net Cash provided by operational activities			
Returns of negotiable investments up to the maturity and available for sale short-term positions		(109.057)	(74.596)
Readjustments of real value unit - UVR		(1.858)	(779)
Dividends Received in Stocks		(54.204)	(50.252)
(Realized Profit) loss) in investments available for net sale		(735.533)	1.912
Loss (Profit) in the valuation of Derived Financial Instruments and positions of net cash sale		42.032	(7.109)
Sale profit of investments, net		(12.614)	(754)
Profit on sale of Goods Received in Payment and restored, Net		(1.625)	(1.079)
Profit on sale of Property, Plant & Equipment and other asset, Net		(148)	(48)
Depreciation		86.667	84.022
Amortization of Mercantile Credit		852	805
Amortization of Deferred Charges		15.715	10.465
Amortization goods given in operational leasing		14.575	20.540
Refund of provision other Asset		(860)	(382)
Refund of Accounts Receivables Provision		(12.865)	(10.746)
Refund of Portfolio Provision of credit and financial leasing		(220.211)	(208.240)
Reimbursement contra-cyclic provision leasing		(626)	(437)
Refund of Operative Leasing Provision		(1.155)	(965)
Refund of Provision of Goods Received in Payment and Delivery Back		(1.862)	(4.311)
Reversing of Property, Plant and Equipment Provision		(21)	(166)
Provision for Credit Portfolio		433.975	369.459
Operative Leasing Provision		5.809	1.441
Accounts Receivable Provision		35.521	31.227
Provision of property and equipment		20	-
Provision for Goods Received in Payment and Delivery back		4.531	5.904
Provision Other Asset		384	484
Provision available		-	3
Total Results		**428.035**	**426.615**
(Increase)Decrease in Salable Investments		(631.904)	29.021
Increase of credit portfolio		(351.642)	(1.081.679)
Increase in Accounts Receivable		(103.139)	(219.974)
Increase in Deferred Charges		(37.869)	(23.010)
Net Decrease in other Asset		46.722	34.333
Increase in Other Liabilities		4.462	79.225
Non-realized Difference in Exchange		(2.313)	(415)
Total Operations		(1.075.683)	(1.182.499)
Net Cash Provided for Operation Activities		**(647.648)**	**(755.884)**
Cash Flow of Investment Activities:			
Proceeds on Sale of Property, Plant & Equipment		164.778	194.583
Proceeds on Sale of Investments		547.264	335.967
Proceeds on Sale of Goods Received in Payment		11.285	10.967
Purchase of Property, Plant and Equipment		(251.140)	(273.890)
Purchase of Investments		(203.780)	(1.222.047)
Net Cash Used in Investment Activities		**(268.407)**	**(954.420)**
Cash Flow of the Funding Activities:			
Dividend effectively Paid		(131.265)	(125.019)
Increase of Deposit and Payables		648.901	1.813.635
(Decrease)Increase of Interbanking and Overnight Funds loans		(375.892)	114.096
Acquisition of other Bank Loans		2.217.725	1.542.339
Payment of other Bank Loans		(2.336.774)	(1.478.807)
Issue of Bonds		(142.721)	(60.786)
Net Cash (used in) Provided for Financing Activities		**(120.026)**	**1.805.458**
Effect in Exchange Difference over Cash and equivalent to cash		78.284	(9.774)
(Decrease) Increase of Cash and Equivalent to Cash		(577.551)	104.928
Cash and equivalent to cash at the beginning of half-year		2.670.780	2.565.852
Cash and equivalent to cash at the end of half-year	**$**	**2.093.229**	**2.670.780**

See note accompanying financial statements.

Statements of change in Stockholders Equity

Half-year periods ended on June 30, 2014 and December 31, 2014

(In Million Col$)

Concept		Common Stocks	Legal Reserve (Note 22)	Occasional Statutory Reserve (Note 24)	Surplus of Valuations Net	Accrued Profit or Loss Unrealizable Invest. Available. Sale price. (Note 7)	Results: Prior operational periods	Results: Operational period	Total stockholder Equity
Balance as of December 31, 2013	**$**	**4.677**	**2.211.490**	**155.218**	**443.991**	**746.912**	**-**	**241.155**	**3.803.443**
Distribution net profit first half-year 2013		-	113.708	(702)	-	-	128.149	(241.155)	-
Paid dividend by parent company for $ 137.00 monthly per stock, payable within the 10 first days each month since April, 2014 until September, 2014 inclusive, over 155.899.719 total stocks subscribe and paid as of December 31, 2013		-	-	-	-	-	(128.149)	-	(128.149)
Movement of the Operational Period		-	-	-	46.255	(25.662)	-	-	20.593
Net profit period		-	-	-	-	-	-	260.217	260.217
Balance as of December 31, 2014	**$**	**4.677**	**2.325.198**	**154.516**	**490.246**	**721.250**	**-**	**260.217**	**3.956.104**
Distribution net profit first half-year 2014		-	98.050	27.470	-	-	134.697	(260.217)	-
Paid dividend by parent company for $ 144.00 monthly per stock, payable within the 10 first days each month since October, 2014 until March, 2015 inclusive, over 155.899.719 total stocks subscribe and paid as of June 30, 2014		-	-	-	-	-	(134.697)	-	(134.697)
Movement of the Operational Period		-	-	-	17.999	(718.390)	-	-	(700.391)
Net profit period		-	-	-	-	-	-	940.593	940.593
Balance as of June 30, 2014	**$**	**4.677**	**2.423.248**	**181.986**	**508.245**	**2.860**	**-**	**940.593**	**4.061.609**

See notes accompanying financial statements

Notes to Financial Statements
(Million Pesos)

(1) Reporting entity
Banco de Occidente S.A. is a legal person of private nature, legally incorporated as a bank establishment, authorized to operate according to the resolution N°. 3140 dated September 24, 1993 final renewal of operation license for controlled entities issued by the Colombia Finance Superintendence. It was established on September 8, 1964 under public deed 659 in the Fourth Notary Public Office for Cali.

The Bank's head office is in Santiago de Cali. The duration established in the Articles of Incorporation is 99 years from its date of incorporation. In developing it corporate purposes the bank may enter into any and all legal operations and contracts related to commercial bank entities, subject to requirements and limitations set forth in Colombian laws.

As of December 31, 2014, Banco de Occidente S.A. operates with 8.441 employees through 236 offices in the Colombian territory. The Bank has situation of control exercised by the society Grupo Aval Acciones y Valores S.A. and this in turn, registers situation of control on entities overseas, 95.00% in Banco de Occidente Panama S.A. and 100% in Occidental Bank Barbados Ltd, as well as in Colombia, 94.98% of Sociedad Fiduciaria de Occidente S.A., and 45,00% of Ventas y Servicios S.A.

The Bank has entered into a non-banking correspondent agreement with Almacenes Éxito a company operating at national level.

Financial statements herewith attached include asset, liabilities and results of its branch offices in Colombia, but not consolidated financial statements of the Bank with its subsidiaries. The consolidated financial statements are separately prepared.

(2) Principal Accounting Policies

(a) Basic Accounting Policies

Accounting and financial statements preparation policies of the Bank are in accordance with accounting principles generally accepted in Colombia and instructions of the Financial Superintendent of Colombia.

(b) Equivalents of Cash

The Bank considers as equivalent to cash, for the purposes of the statement of cash flow, the active and passive positions in operations of monetary market and those related.

(c) Active and passive positions in Operations of Monetary Market and those related.

This entry groups together the operations of interbank funds, the operations of repurchase (repo), the simultaneous operations and operations of temporary transfer of values:

Interbank Funds

Interbank funds are considered those directly placed or received by the Bank in other financial entity, without mediating a pact of investment transfer or credit portfolio. They are operations connected to the corporate purpose, which are agreed at a term not longer than thirty (30) calendar days, provided that taking advantage of excesses or supplying liquidity defects it is intended to be pursued with it. Likewise, comprising the transactions denominated "overnight", performed with foreign banks by using funds of the Bank.

The returns of interests derived from the operations, are recorded in the statement of results.

Report or Repo Operations

A repo operation occurs when the Bank acquires or transfers securities, in exchange for the delivery of a sum of money, assuming in such an act and moment the commitment to transfer the property to the "alienating" person the same day or on a later date and at a specified price of securities of the same species and characteristics.

The initial amount is calculated with a discount over the market price of securities of the operation; it is established that during the validity of the operation, the initially given values are substituted by others, and restrictions are placed to the mobility of the values of the operation.

The returns recorded in this item are calculated exponentially during the term of the operation and are recognized in the statement of results.

The transferred values of the repo operation must be registered in debt or credit contingent accounts depending on an either open or closed record operation, respectively.

Simultaneous Operations

A simultaneous operation occurs when the Bank acquires or transfers securities, in exchange for the delivery of a sum of money, assuming in such an act and moment the commitment to transfer or acquire the property again, the same day or on a later date and a determined price, of securities of the same type and characteristics.

The initial amount is established with a discount over the market price of the securities of the operation; during the operation validity, the values initially delivered by others are not replaced, and restrictions are not placed to the mobility of the securities of the operation.

In this item, the returns caused by the purchaser are registered and that the alienating person pays as cost of the simultaneous operation during the term thereof.

The difference between the present value (delivery of cash) and the future value (final price of the transference) constitutes an income by way of financial returns calculated exponentially during the term of the operation and is recognized in the statement of results.

The transferred values of the simultaneous operation must be registered in contingent credit or debit accounts for active or passive positions, respectively.

Securities Transfer Operations

Securities transfer operations are those one whereby the Bank transfers the ownership of some securities, with the agreement to transfer back on the same date or subsequent date. In turn, the counterpart transfers the ownership of other securities or any amount of money equal to or higher than the securities subject matter of the operation.

(d) Investments

The investments acquired by the Bank with the purpose to keep a secondary liquidity reserve, acquire the direct or indirect control of any society of the financial or service sector, comply with legal or statutory provisions, or with the exclusive purpose to eliminate or reduce the market risk of the assets, liabilities or other elements of the financial statements, are subject to.

The main purpose of Investment valuation is the calculation, accounting registration, and disclosure to the market the amount or market price or fair exchange price, any given value or security could be transacted at any given date, according to its specific characteristics and under the conditions prevailing in the market on that date.

The determination of value or exchange fair price of any security, considers all criteria necessary to ensure the compliance with investment, as the following:

Objectivity. Determining and indication of the value or exchange fair price of any paper or security is made based on technical and professional criteria knowing the effects derived from the changes of behavior of all variables potentially affecting such price.

Transparence and representative. The value or exchange fair price of any paper or security is determined and assigned for the purpose to disclose a certain, economic, verifiable and representative result represented of the rights incorporated in the appropriate paper or title.

Permanent Evaluation and Analysis. The value or exchange fair price attributed to a value or security is based on the permanent evaluation and analysis under such market conditions, the issuers, and the respective issuance. Variations of such conditions are reflected in the changes of value or price previously assigned, with the priority established for investment valuation.

Professionalism. Determination of value or exchange fair price of any paper of security is based on the conclusions form the analysis and study made by and wise and diligent expert, addressed to search, obtainment, knowledge and evaluation of all relevant available information, in such a way that the price determined reflect the amounts which reasonably would receive for its sale.

Next, the way the different types of investment are classified, appraised and accounted is indicated:

Classification	Term	Characteristics	Appraisal	Accounting
Marketable	Short-Term	Securities and in general any type of investment acquired for the purpose to obtain profit by price fluctuations.	Use the price determined by supplier of prices Infovalmer nominee as official according to instruction in Chapter XVI, Title I in Legal Basic Circular Letter by Colombia Finance Superintendence. For the case where there is no, in the valuation day, fair exchange prices, the valuation will be made in and exponential manner based on the internal return rat. The value or fair price of market exchange of the respective value, will be calculated by the summation of present value of future flows of the returns and capital. For the securities traded abroad, when the supplier of prices nominee as official for the appropriate segment has not in place a valuation methodology for those investments, as an alternate information source is used the dirt bid price released by a platform of information supply at 16:00 h, Colombia official	The difference occurred between current market value and immediately precedent, is registered as higher or lower of the investment, and its counterpart influences the results of period. This procedure is made on a daily basis. Investments are valued at market price as from the same day of acquisition; therefore, accounting of the changes between the acquisition cost and the market value of investments is made based on purchase date.

Classification	Term	Characteristics	Appraisal	Accounting
			time This procedure is made on a daily basis.	
Marketable in participations papers	Short-term	Investment in at sight collective portfolios for the purpose to obtain returns.	Participations in collective portfolios are valued taking into account the unit value calculated by the managing company the day of the date of valuation.	The difference occurred between the market actual value and the value immediately before the registration as higher or lower value of investment and its counterpart affects the results of period.
To hold up to maturity term	Up to its maturity term	Titles and in general any type of investment for which the Bank has the serious purpose and the legal, contractual, financial and operational capacity to keep them up to the maturation of their period of maturity or redemption. The investments up to maturity date cannot perform liquidity operations nor repurchase operations simultaneous or temporary transfer of investments, save whether they are forced or obligatory investments subscribed in the primary market, provided that the counterpart is Banco de la Republica, Public Credit and National Treasure General Director or the entities supervised by the Colombian Financial Superintendence Likewise, the could be delivered as guarantee in any central risk	Exponentially from the internal return rate calculated at the moment of the purchase. This procedure is daily performed.	The present value is recorded as a major value of the investment and its counter-account is recorded at the period results. This procedure is daily performed.

Classification	Term	Characteristics	Appraisal	Accounting
		chamber of the counterpart in order to back up the compliance with the operations accepted by the chamber for its compensation and liquidation		
Available for sale –Debt securities	6 months	Titles and in general any type of investment for which the Bank has the serious purpose and the legal, contractual, financial and operational capacity to keep them up at least one (6) months from the first day when they were classified in this category. The first business day after the first year, they may be reclassified as marketable of to maintain up to the maturity. Otherwise they will continue classified as available for sale. Investments classified in this category may be used (delivered) as guarantee backing up the negotiation of financial instruments derived, when the counterpart is a counterparty central risk chamber. The securities classified as investments available for sale may be delivered as guarantees in a counterparty	Use the prices given by supplier of prices Infovalmer nominee as official according to instructions set out in Chapter XV, Title I of the Legal Basic Circular Letter by Colombia Finance Superintendence. For securities marketed abroad, when the supplier of prices nominee as official for the appropriate segment has not a valuation methodology for these investments, These investments are used as alternate source of information, the bid dirty price released by a platform of supply of information at 16:00 h Colombian time For the case where there is no, in the valuation day, fair exchange prices, the valuation will be made in and exponential manner based on the internal return rat. The value or fair price of market exchange of the respective value, will be calculated by the summation of present value of future flows of the returns and capital.	Changes that may be present to these securities or titles are counted according the following procedure: - Difference between the present value on the appraisal day (calculated as from TIR at the time of purchase) and the previous one is registered as a higher value of investment with advance or charge to the result accounts. - The difference between market value and present value (calculated as from TIR at the time of purchase) is registered as an accumulated not performed profit or loss, within the patrimony accounts. This procedure is daily performed.

Classification	Term	Characteristics	Appraisal	Accounting
		central risk chamber of the counterpart in order to back up the compliance with the operations accepted for its compensation and liquidation. Likewise, with these investments liquidity operations may be made, report or repo operations, simultaneously or the temporary transfer of securities.	.	
Available for sale – participative securities	Without term	Investment granted to the Bank the quality of co-owner of the issuer. Make part of this category, the securities with high medium, low or minimum marketability, or with no quotation and securities keeping the Bank in its quality of controlling or parent company.	Investments in participation titles are value depending that they are or not quoted in the stock exchange Participative securities registered with the National Registry of Securities and Issuers (NRSI) Participation Securities registered with NRSI and listed in the Stock Exchange in Colombia, are valued with the price determined by the supplier of prices of valuation authorized by Colombia Finance Superintendence. Participations in collective portfolios and the values issued in connection with titration are valued taking into account the unit value calculated by the managing company the day immediately prior to the date of valuation	Low or minimum bursatility or without any quotation: - Difference between market or updated investment values, and the value for which the investment is registered as follows: If it is higher, in first instance, it diminishes the provision or devaluation up to exhaust it and the excess is registered as surplus for valorization. If it is lower it affects the surplus for valorization until running out and the excess is recorded as devaluation. - When the dividends or profits are allotted in kind, including those from the capitalization of patrimony revalorization account, it is registered as income the part that has been counted as surplus for valorization, charged to the investment and it is reverted such surplus. - When the dividends or profits are distributed in cash, it is registered as revenue the value counted as surplus for valorization, re-investing such surplus and the sum of the dividends exceeded thereof is counted as a minor investment value. High and Middle Marketability: The actualization of the market value of

Classification	Term	Characteristics	Appraisal	Accounting
			even though they are listed in the stock exchange of Colombia. Above, excepting the participations in collective portfolios influencing the price in the secondary market and the representative values of participations in exchange stock funds, which are value by the price reported by the supplier of prices. • Participation Securities quoting only in stock exchange abroad According to the price determined by suppliers of valuation prices authorized by Colombia Finance Superintendence. When price is not available, the closing price available in the stock exchange will be used as quoted in the day of valuation or in default thereof, the latest closing price during 5 exchange days, or the plain average of closing prices reported during the last 30 days. • Participation values which are not registered in the stock exchange They are value by the price determined by the price determined by the supplier of prices. When supplier of	the high and middle marketability securities or those quoted in internationally recognize foreign stock exchanges, is counted as accumulated not performed profit or loss within the patrimony accounts, with advance or charge to the investment. This procedure is daily performed. The dividends or profits allotted in kind or cash, including those coming from the capitalization of the account revalorization of patrimony are registered, with advance or charge to the investment. This procedure is daily performed.

Classification	Term	Characteristics	Appraisal	Accounting
			prices has not in place a methodology to determining the price, the entities may increase or decrease the acquisition cost in the participation percentage corresponding to the investor over the subsequent variances of patrimony of the respective issuer	

According to regulations by Colombia Finance Superintendence, in the External Circular Letter 050 of November 2012, Banco de Occidente S.A hired an Infovalmer S.A as supplier of prices for valuation of investments

Investments Reclassification

For any investment to be maintained within any of the classification categories, the respective security or title shall comply with the characteristics or conditions of the type of investments it makes part.

At any time, Colombia Finance Superintendence may require for the Bank to reclassify a security or title, whenever it fails to comply with characteristics of the class where it is intended to be classified to the reclassification is required to obtain a better disclosure of financial situation.

Investment may be reclassified according to the following provisions:

Of investments to maintained until the maturity to marketable investments. There is reason for reclassification when occur any of the circumstances below:

- Significant impairment of issuer's conditions, its parent company, its subsidiary companies, or its related-companies.
- Changes in the regulation preventing the maintenance of investment.
- Processes of merging involving the reclassification or realization of an investment for the purpose to maintain the previous position of interest rate risk or otherwise, to complain with credit risk police previously set out by the surviving entity.
- Other unforeseeable occurrences, following the authorization by Colombia Finance Superintendence

From investments available for sale to marketable investments or to investments to maintain until the maturity: There is place for reclassification, when:

- 6 months term has been in this classification.
- Investor loses its quality of parent company of controlling company, if this event involves the alienation decision of investment or the main purpose of obtaining profit by the fluctuations at short-term of the price, from that date.
- Significant impairment of issuer's conditions, its parent company, its subsidiary companies, or its related companies.
- Changes in the regulation preventing from investment maintenance.
- Processes of merger involving the reclassification or realization of the investment for the purpose to maintain the position previous of the risk of interest rates or become adjusted to credit risk policy, previously established by the resulting entity.

- The investment goes from low to minimum marketability or with no any quotation to high or medium marketability.

When investments to maintain until maturity or investments available for sale are reclassified to marketable investments, the standards about valuation of the later are observed, and consequently, the unrealized profit or loss are recognized as revenues or expenses the day of reclassification.

In the events where an investment is reclassified, Colombia Finance Superintendence will be advised the reclassification made no later than within the ten (10) running days following the date of reclassification, indicating the reasons justifying such decision and explaining its effects on the statement of results. The securities or titles reclassified with the purpose of taking part in the marketable investments, cannot reclassified again.

Investment Back Purchase Rights

Corresponding to restricted investments representing collateral guarantee of investment back purchase commitments.

Over these investments, the Bank keeps the economic rights and benefits associated of the security and retain all rights inherent to it, even though transfers the legal ownership when performing repo operation.

These securities will continue valuated to daily value and accounting for in the balance sheet and statement of results according to methodology and procedure applicable to investments classified as marketable, until the maturity and available for sale.

Investments Delivered in Guarantee

Correspond to investments in securities or certificates of debt which are delivered as guarantee to the operations with financial instruments derived, which liquidation may be in cash, as provided in the contract or in the appropriate rules if security negotiation system, of the operation registry system of compensation or liquidation securities.

These securities are daily valued and included in the balance sheet and statement of results according to methodology and procedure applicable to investments classified as available for sale.

Provisions or Loss for Ranking of Credit Risk
Securities and/or Titles of not rated Emissions or Provisions

The debt securities or titles not holding an external ranking and the debt securities or titles issued by not ranked entities are ranked and provisioned as follows:

Category	Risk	Characteristics	Provisions
A	Normal	Meets the agreed terms in the security or title and hold adequate capacity of capital and interest payment.	No applicable.
B	Acceptable	Corresponds to emissions with uncertainty factors that might affect the capacity to continue to comply properly with the debt services. Likewise, its financial statements and other available information present weaknesses that may affect the financial situation.	The net value cannot be higher than eighty percent (80%) of the acquisition cost, net par value of the amortizations made until the date of valuation.
C	Perceptible	Corresponds to emissions that present high or middle probability of failure to comply with the opportune capital and interest payment. Likely, its financial statements and other available information show deficiencies in the financial situation that compromise investment recuperation.	The net value cannot be higher than sixty percent (60%) of the acquisition cost.
D	Significant	Corresponds to those emissions that present	The net value cannot

Category	Risk	Characteristics	Provisions
		failure to pay the agreed terms in the title, as well as its financial statement and other available information present marked deficiencies in their financial situation, so that the probability to recover the investment is highly uncertain.	be higher than forty percent (40%) of the acquisition cost.
E	Irrecoverable	Issuers that according to their financial statements and other available information, the investment is deemed irrecoverable. Likewise, if financial statements are not available with closing date June 30 and December 31 each year	The value of these investments must be fully provisioned.

Securities y/or Titles of Emissions or Issuers holding External Rankings

The debt securities or titles holding one or several rankings issued by entities ranked by external qualifiers recognized by Colombia Finance Superintendence or the debt securities or titles issued by entities ranked by external qualifiers which are qualified by these, cannot be counted for a sum exceeding the following percentages of their net face value of the amortizations performed up to the valorization date.

Long term Ranking	Maximum Value %	Short term Ranking	Maximum Value %
BB+, BB, BB-	Ninety (90)	3	Ninety (90)
B+, B, B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5 y 6	Zero (0)
DD, EE	Zero (0)	5 y 6	Zero (0)

To determine the provisions over term deposits, the issuer rating is taken.

The provisions of the investments classified to hold up to maturity date, about which a just exchange price is established, correspond to the difference between registered value and fair price.

Overseas Investments

The marketable investments and investments available for sale, represented in securities or bonds of public debt issued abroad, and the securities or bonds of private debt issued abroad by foreigner issuers, shall be valued according to the price determined by supplier of valuation prices appointed as official for the appropriate segment. When there is not in place any valuation methodology for such investments, the entities need to use the generic dirty price BID released by any known platform of information supply at 16:00 h, official Colombian time..

The present value or market value of the securities or bonds denominated in a currency other than the dollars of the United States of North America is converted to such currency based on the conversion rates for currencies published on the day of the appraisal on the website of the European Central Bank. When the currency conversion rates are not on the website of the European Central Bank, the conversion rate in relation to the dollar of the United States of America published by the Central Bank of the concerned country is taken.

(e) Portfolio of Financial Leasing Credits and Operations

It records the loans granted by the Bank under the various authorized modalities. Resources used in granting the loans come from own resources, from the public in the form of deposits and from other external and internal funding sources.

The loans are counted by the value of the payment, except for purchases of portfolio "factoring", which are recorded at cost.

Credit Policies

The Bank policy to grant credit is based in a major way on the analysis of the financial situation of the client, through the study of his financial statements, and cash flows.

The guaranties are requested primarily when operations are long term or when attention will be for an amount greater than the normal according to the characteristics of the client.

Credit Modalities

The structure of credit portfolio includes three (3) forms of credit and leasing operations:

Commercial

They are loans granted to natural or legal persons to develop of organized economic activities, other than those granted in the modality of microcredit.

Consumption

Consumption credits are understood, regardless of their amount, the loans granted to natural persons the purpose of which is to finance the acquisition of consumption goods or the payment of services for not commercial or business goals, other than those granted as microcredit.

Housing

These are the credits that, irrespective of the amount, are given to natural persons, used to the acquisition of new or used housing, or used for individual housing construction. According to the Act 546/1999, these credits are nominated in UVR or in legal tender and covered by first mortgage guarantee over the housing.

The redemption term is between five (5) years, minimum and thirty (30) yeas, maximum term. The credit can be totally or partially prepaid at any time with no any penalty. If partially prepaid, the debtor is entitled to elect if the amount prepaid decreases the installment or rather decrease the term of the obligation. Additionally, these credits have a remuneration rate, which applies over the balance of debt nominated in UVR or in pesos; the interest is collected in arrears and are capitalized; the amount of credit may be up to seventy percent (70%) of real proper value, determined by the purchase value or by the appraisal technically made within the six /6) month before the obtainment of credit.. In the credits used to finance social interest housing, the amount of credit may be up to eighty percent (80%) of price of property. The housing funded will be ensured to cover against fir and earthquake risk.

Criteria for Credit Risk Assessment

The Bank permanently values the risk incorporated in credit asset, both at the time the credits are granted, and throughout their life, included the restructuring cases. For such purposes, the entity designed and implemented a CRMS (Credit Risk Management System) comprised by credit risk management policies and procedures, reference models expected loss estimation and quantification, system of provision to cover credit risk and internal process control.

Granting of credits is based on the knowledge of credit subject, its payment capability, and the characteristics of the contract to be entered into, including, inter alia, the conditions of loan, guarantees, source of payment and the macroeconomic conditions the borrower may be subject to.

In the granting process, variables allowing for determining the credit subjects matched to the Bank risk profile have been established for each type of portfolio. Segmentation and discrimination processes of credit portfolios and their potential credit subjects, are used as a basis for qualification, as well as the application of internal statistic models assessing the several different applicant's aspects for credit risk quantification. Methodologies and procedures implemented in to grant the credit allow for monitoring and controlling the credit exposure of the several different portfolios, as well as the aggregate portfolio, thus preventing an excess of credit concentration by debtor, economic sector, economic group, risk factor, etc.

The Bank makes a continued monitoring and qualification of credit operations consistent with the process to grant the credit, based, among other criteria, on the information related to the historical portfolios and credits behavior; debtors' specific characteristics and backing up guarantees, debtor's behavior in other entities, and financial information of prospective borrower allowing for knowing its financial situation; and sector and macroeconomic variables influencing the normal development of such variables.

In the evaluation of territorial public entities, the Bank verifies the compliance with the conditions set forth in laws 358/1997, 550/1999, 617/2000, and 1116/2006.

Assessment and Requalification of the Credit Portfolio

The Bank assesses its credit portfolio risk introducing the corresponding modifications in the respective rankings when there are new analyses or information supporting such changes.

For the proper compliance with this obligation, the Bank considers the debtor's credit history in other entities and particularly if at the time of evaluation the debtor has restructure obligations, according to information from central risk or any other source. The behavior of portfolio of clients is updated in connection with pay downs, writing--off, and the magnitude of the late operations.

The Bank performs the assessment and requalification of the credit portfolio in the following cases:

- When credits are in arrears after being restructure, and in such event the credits are to be reclassified.
- At least during May and November, the results of the evaluation and the reclassification applicable shall be recorded at closing of the subsequent.

Credit Risk Ranking

The Bank qualifies the credit operations based on criteria aforementioned and classifies the operations into any of the credit risk categories below taking into account the following objective minimum conditions:

Category	Granting	Commercial Portfolio Granted	Consumption Portfolio Granted
"AA"	New credits with ranking "AA" assigned at the moment of granting.	The credits already granted that are not in arrears more than 29 days default of contractual obligations, i.e. between 0 and 29 days in arrears.	The credits which qualification obtained by applying MRCO qualification methodology established for arrears, by the regulation, is equal to "AA".
"A"	New credits with ranking "A" assigned at the moment of granting.	The credits granted in arrears higher than or equal to 30 days and less than 60 days default of contractual obligations, that is, 30-59 days in arrears.	The credits which qualification obtained by applying MRCO qualification methodology established in the regulations is equal to "A".
"BB"	New credits with ranking "BB" assigned at the moment of granting.	The credits already granted currently in arrears higher than or equal to 90 days of default of contractual obligations, that is, between 60 and 89 days in arrears.	The credits which qualification obtained by applying the MRCO qualification methodology is equal to "BB".
Category	**Granting**	**Commercial Portfolio Granted**	**Consumption Portfolio Granted**
"B"	New credits with ranking "B" assigned at the moment of granting.	The credits already granted in arrears more than or equal to 90 days and less than 120 days default of contractual obligation, that is, between 90 and 119 day in arrears	The credits which qualification obtained by applying MRCO qualification Methodology established by the regulations is equal to "B".
"CC"	New credits with qualification assigned at the time the credits is granted as "CC	The credits already granted in areas for more than or equal to 120 days and less than 150 days of default of contractual obligations, i.e. 120 and 149 days in arrears of contractual obligation	The credits which qualification obtained by applying MRCO qualification methodology established by the regulation, is equal to "CC".

Category	Granting	Commercial Portfolio Granted	Consumption Portfolio Granted
"Default"	In this category will be classified the new credits when the applicant is reported by any entity in Central of Risk CIFIN in qualification D, E or written-off portfolio.	The credits granted showing arrears of more than or equal to 150 days.	Consumption Credits in arrears for more than 90 days.

For homologation purposes, commercial and consumption portfolios risk qualification in the indebtedness reports and in the financial statements, the Bank applies the following table:

Grouped category	Report category	
	Commercial	Consumption
A	AA	AA
		A actual delay between 0- to 30 day
B	A	A actual delay more than 30 days
	BB	BB
C	B	B
	CC	CC
	C	C
D	D	D
E	E	E

When, by virtue of the implementation of reference models adopted by Colombia Finance Superintendence, the Bank qualifies its clients as in default; these clients are homologated as follows:

Grouped Category E = Those clients in default which PDI assigned is equal to one hundred percent (100%).

Grouped Category D = The other clients qualified as in default.

For homologation purposes in consumption portfolio, the current arrears the table above refers to, is understood as the maximum recorded by debtor in the products.

Other criteria considered by the Bank to qualify credit operations are the following: For commercial portfolio, the qualification given at the time when the credit was authorized during the closing months corresponding to the quarter of disbursement of credit, the qualification in the granting process with the own characteristics of each borrower and other factors which may be considered of the higher risk.. For consumption portfolio, the classification given in the granting only at the closing month when the disbursement was made.
Housing portfolio, considering the criterion of age of arrears, is qualified into:

Category	Criteria (No. Of month in arrears)
"A" Normal Risk	With updated installments or due 2 months
"B" Acceptable Risk	Overdue more than 2 months and up to 5 months
"C" Appreciable Risk	Overdue more than 5 months or up to 12 months
"D" Significant Risk	Overdue more than 12 months and up to 18 months
"E" Failure of payment	Overdue more than 18 months

Classification of Mortgage Credit Portfolio

Category "A": Credit with NORMAL risk. The credits classified in this category reflect an appropriate structure and compliance. Financial statements of debtors or the cash-flows of the project, as well as the other credit information indicate proper payment capacity. From the amount and origin of income standpoint for the debtor to comply with payment obligations.
Category "B": Credit with ACCEPTABLE risk. The credits in this category are properly attended and protected, although there exist some difficulties potentially transiently and permanently affecting debtor's payment capacity or the cash-flows of the Project, in such a way that if not amended, may negatively influence the normal credit collection or contract.

Category "C": Deficient credit with APPRECIABLE risk. In this category the credits or contracts showing insufficiencies of debtor's payment capacity are included, or in the cash flows of project impairing the normal collection of the obligation under the terms agreed upon

.
Category "D: Bad debts with SIGNIFICANT risk**,** is that including any of the categories of deficient, and a higher grade, in such a way that the probability of collection is highly difficult

.
Category "E": UNRECOVERABLE credit. This is any credit which collection is considered as impossible at all.

Restructuring Process

Restructured credit means that one which by signing any legal business, aims at modifying the originally agreed conditions in order to allow the debtor to attend appropriately his obligation in connection with the current or potential impairment of its payment capacity. Additionally, restructuring are considered the agreements entered in the context of the Acts 550/1999, 617/2000, and 1116 de 2006 or the additions and substitution thereof, as well as extraordinary restructuring and novation.

Fiscal Restructuring Act 617/2000

In restructuring derived from the subscription of Fiscal and Financial Consolidation Programs under the provisions in Act 617/2000, the Nation issued guarantees to obligations assumed by territorial entities controlled by Colombia Finance Superintendence, provided that the requirements set forth in such Act and agreement are accomplished before June 30, 2001. Such guarantee could be up to forty point zero percent (40.0%) for credits in force on December 31, 1999, and up to one hundred pint point zero percent (100.0%) for the new credits used for fiscal adjustment.

This restructuring featured because they reversed the provisions constituted about the obligation subject matter of restructuring in the portion backed up by the Nation, while the portion of obligation subject matter of restructuration were not backed up by the Nation, maintained the qualification they had as of June 30/2001

Should restructuring agreement is accomplished; the debtor is qualified in the category held before restructuring or in any of higher risk.

For qualification improvement purposes, the qualification after the corresponding restructuring, the terms of the agreement are to be currently accomplished.

In the event of default of agreement by the territorial public entity, the debt existing as of the date of default which is not supported by Nation guarantee, it will qualify in "E" risk category.

Extraordinary Restructurings

For structuring made as from the date the External Circular Letter 030/1999 takes force, issued of the Colombia Finance Superintendence, and up to December 31, 1999, the Bank cold reverse provisions provided that restricting agreement would allow to qualify the debtor in "A", or otherwise, at least two installments had been made or a payment to capital had been made and a certification of compliance had been obtained from the Management Covenant and debtor's payment capacity, in line with the terms of Agreement

Restructuring Agreements

For restructured credits until the validity of Act 550/1999, when beginning restructuring negotiation, the Bank suspended the accrual of interest over the credit prevailing and maintained the qualification they had as if the date of negotiation.. Notwithstanding, if the client was qualified in “A” risk category, it was reclassified at least to “B” category and a provision equivalent to one hundred point zero percent (100.0%) was constituted from the accounts receivable.

In the event of any failure of negotiation, the credits were qualified in “E” category uncollectible credit.

When any client is admitted to the restructuring process under the terms of Act 1116/2006, The Bank suspends the accrual of returns and qualifies the client in any risk category consistent with the actual situation. If client’s situation impairs or it is assumed that the ongoing agreement fails to meet Bank’s expectations, the qualification is reviewed, and the client reclassified in the appropriate risk category. If an agreement is not reached, or judicial liquidation is declared, the client is classified as in default.

Especial Criteria to Qualify Restructured Credits

The credits restructured can retain the prior qualification provided that the restructuring agreement involves any improvement of debtor’s payment capacity and/or of the probability of default. If restructuring provides grace period to pay the capital, only such qualification is maintained when those periods will not exceed one (1) year term as from the execution of the agreement.

The credits may enhance qualification of otherwise modify its default condition, after restructuring; only when debtor documents a behavior of regular and effective payment of capital consistent with a normal credit behavior, provided however that its payment capacity is maintained or improved.

(f) Write-off of Loans and Financial Leasing Operations

Credit portfolio, in the opinion of the Administration unrecoverable or remote or uncertain retrieval, and they are one hundred percent (100%) provisioned, is susceptible of punishment following unsuccessfully attempting collection actions, in accordance with the concepts issued by the collection lawyers and bank manager lawyers.

Punishment does neither relieve the officers of the liability for credit approval and management, nor releases them form the obligation to pursuing collections activities.

The Board of Directors is the sole body competent to approve the writing-off operations considered unrecoverable.

(g) Provision for Credit Portfolio, Account Receivable and Financial Leasing Operations

The Bank to cover the credit risk is based on system of provisions, calculated over the outstanding balance by the application of reference models of Commercial Portfolio (MRC) and consumption portfolio (MRCO). For he credits under modalities of housing portfolio, the provision is determined in function of the client’s delay.

Commercial and Consumption Portfolio

The Bank applies the methodology of calculation of provisions in cumulative or de-cumulative phase based on the monthly assessment of the behavior of deterioration, efficiency, stability and growth indicators, described below, provident that they are accomplished during three consecutive months:

Assessment	Indicator	Cumulative Stage	De-cumulative Stage
Impairment	Actual semester variations of individual provisions of total portfolio B, C, D y E	< 9%	> = 9%
Efficiency	Quarterly accumulate of net provisions from recoveries as percentage of accumulate income for portfolio and leasing.	< 17%	> = 17%
Stability	Quarterly cumulated of net	> 0 y < 42%	< 0 or > = 42%

Assessment	Indicator	Cumulative Stage	De-cumulative Stage
	provisions of recoveries from portfolio as percentage of quarterly accumulated of adjusted gross financial margin.		
Growth	Annual actual growth rate of gross portfolio.	> = 23%	< 23%

As from the accounting closing Mayo de 2011, the changes for calculation of these indicators were implanted, according to the provisions in the External Circular Letter 017 of May 4/2011 including the item 1.3.4.1 of Chapter II in Circular Letter 100/1995. Above includes deflation of Impairment Indicators (real quarterly variation of individual provisions of total Portfolio B, C, D and E) and Growth (real annual growth rate of gross portfolio). Additionally, the interest income of portfolio accrued during the quarter the sub-items 410241, 410242 and 410243 were discounted from the indicator calculation (consumption default interest)

With the indicators detailed above, the individual provision of portfolio was calculated as the summation of the Pro-cyclic Component and the individual Contra-cyclic component

Individual Procyclical Component (IPC): corresponds to the portion of credit portfolio individual provision reflecting credit risk of each debtor, in the present. IPC is the expected loss calculated using Matrix A.

Countercyclical Individual Component (CIC): corresponds to the portion of credit portfolio individual provision reflecting the possible changes in credit risk of debtors where impairment of such assets increases. Such portion is constituted in order to reduce the impact on statement of results when such situation occurs. CIC corresponds to the higher value between CIC of the precedent month affected by the exposure, and the difference between the loss expected of matrices B and A of the month when evaluation is made.

Expected loss estimation (provisions) results from the application of the formula below:

$$Expected\ Loss = IPC + CIC$$

Where

$$IPC = PI_{Matrix\ A} * PDI * EDI$$

$$CIC = \max A\ \left(CIC_{i,t,-1} * \left(\frac{EDI_{i,t}}{EDI_{i,t-1}}\right);\ (PE_B - PE_A)_{i,t}\right.$$

The segmentation processes and credit portfolio discrimination and of their potential credit subjects, are used as the basis for estimation of expected loss in the Reference Model of Commercial Portfolio (MRC) based on differentiated tracking by the asset level of debtors under the following criteria:

Portfolios	Concept
Big-sized Companies	More than 15.000 MMLSP of Asset
Medium-Sized Companies	Between 5.000 and 15.000 MMLSP of Asset
Small-Sized Companies	Less than 5.000 MMLSP of Asset
Natural Persons	Natural Persons which are debtors of commercial credit

The Reference Model of Consumption Portfolio (MRCO) is based on segments differentiated according to the products and the credit granting establishments, in order to preserve the particularities of market niches and the products granted.

- **General - Automobiles**: Credits granted to purchase automobile.
- **General - Others**: Credits granted to purchase consumption goods other than automobile. In this segment credit cards are not included.
- **Credit Card**: Rotatory credit to purchase consumption goods used via a plastic card

For portfolio follow-up and qualification, the Bank applies the reference models as defined by Colombia Finance Superintendence. For Commercial portfolio, in the qualification process, a methodology of qualification is used for the portfolio non evaluated on an individual basis, based in classification models of clients considering the probability of default, adjusted with macroeconomic and sector factors. This methodology is implemented since December 2010

Expected loss estimation results from the application of the formula below:

Expected Loss (EL) = [Probability of default)] x [Asset exposure at the time of default] x [Loss due to default]

a. Probability of Default

It corresponds to the probability that within twelve (12) months span period, the debtors will incur in default.

The probability of default was defined based on the following matrices established by Colombia Finance Superintendence:

Commercial Portfolio

Qualification.	Big Company		Medium Company		Small Company		Natural Persons	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1.53%	2.19%	1.51%	4.19%	4.18%	7.52%	5.27%	8.22%
A	2.24%	3.54%	2.40%	6.32%	5.30%	8.64%	6.39%	9.41%
BB	9.55%	14.13%	11.65%	18.49%	18.56%	20.26%	18.72%	22.36%
B	12.24%	15.22%	14.64%	21.45%	22.73%	24.15%	22.00%	25.81%
CC	19.77%	23.35%	23.09%	26.70%	32.50%	33.57%	32.21%	37.01%
Default	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Consumption Portfolio

Qualification	Matrix A			Matrix B		
	General – Auto motors	General – Other	Credit Cards	General – Auto motors	General – Other	Credit Cards
AA	0,97%	2,10%	1,58%	2,75%	3,88%	3,36%
A	3,12%	3,88%	5,35%	4,91%	5,67%	7,13%
BB	7,48%	12,68%	9,53%	16,53%	21,72%	18,57%
B	15,76%	14,16%	14,17%	24,80%	23,20%	23,21%
CC	31,01%	22,57%	17,06%	44,84%	36,40%	30,89%
Default	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

This way for each debtor, commercial and consumption segment, the probability to migrate between its current qualification and the default qualification in the coming twelve (12) months is obtained, according to the cycle of credit risk general behavior.

b. Loss due to default (PDD)

It is defined as the economic impairment incurred by the Bank in the event that any default situation will occur. PDD for debtors qualified in default category will involve a gradual increase according to the days elapsed after classification in such category.

The guarantees backing up the operation are necessary to calculate the expected loss in the event failure to pay, and hence, to determine the level of provisions.

The Bank considers as appropriate guarantees those assurances duly executed having a value determined based on technical and objective criteria offering a legally efficacious of the payment of the obligation supported and which possibility of compliance is reasonably adequate.

To evaluate the support offered and the possibility of compliance of each guarantee, the Bank considers the following factors: Nature, value, coverage and liquidity of guarantees, as well as the potential cost of compliance and legal requirements necessary make them enforceable.

PDD by type of guarantee is the following:

Commercial Portfolio:

Type of Guarantee	P.D.D.	Days after default	New PDD	Days after default	New PDD
Non-admissible Guarantee	55%	270	70%	540	100%
Subordinate Credits	75%	270	90%	540	100%
Financial Collateral admissible	0 – 12%	-	-	-	-
Commercial and Residential Real Estate	40%	540	70%	1.080	100%
Goods given in Real Estate Leasing	35%	540	70%	1.080	100%
Goods given in leasing other than real estate leasing	45%	360	80%	720	100%
Other collaterals	50%	360	80%	720	100%
Collection Rights	45%	360	80%	720	100%
With no guarantee	55%	210	80%	420	100%

Consumption Portfolio

Type of Guarantee	P.D.D.	Days after default	New PDD	Days after default	New PDD
Non-admissible guarantee	60%	210	70%	420	100%
Admissible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate property	40%	360	70%	720	100%
Goods given in real estate property leasing	35%	360	70%	720	100%
Goods given in leasing different from real estate leasing	45%	270	70%	540	100%
Other collaterals	50%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%
With no guarantee	75%	30	85%	90	100%

To homologate the several different guarantees given in the credit contracts with the segments above listed, the Bank classifies within each group of guaranties the following:

1. Inadmissible guarantee: As such are included, among other, the joint debtors, endorsers, and warrant guarantee.

2. Admissible Financial Collateral: Includes the guarantees below:

   - Collateral security deposit: This guarantee implies zero percent (0%) PDD
   - Stand By Letters considered appropriate guarantees, zero percent PDD.
   - Credit insurance: This guarantee has twelve percent (12%) PDD
   - Sovereign Guarantee of the Nation (Act 617 / 2000): This guarantee has zero percent (0%) PDD.
   - Guarantees issued by Guarantee Funds: This guarantee has twelve percent (12% PDD
   - Pledge on securities issued by financial institutions: This guarantee has twelve percent (12%) PDD

3. Collection rights: Represented by:
   - Irrevocable commercial trusts of guarantee.
   - Pledging of income of territorial and decentralized entities of any order.

4. Real Estates and residential property: Classified as such the following guarantees:
   - Mortgage Trusts
   - Real estate Guarantees.

5. Goods given in Leasing: the goods given in the following leasing agreements are classified in this category:
   - Real Estate Leasing.
   - Housing Leasing.

6. Goods delivered in leasing different from real estate. The goods given in the following leasing agreements are included in this category:
   - Leasing of machinery and equipment.
   - Leasing of vehicles.
   - Leasing of furniture and fixture.
   - Leasing ships, trains and aircraft.
   - Leasing of computing equipment.
   - Leasing livestock.
   - Leasing of software.

7. Other collaterals: The following guarantees are included in this category:
   - Pledge over processed inventory.
   - Pledge over supplies – basic goods.
   - Pledge over equipment and vehicles.
   - Bonds of pledging.

8. Without guarantee: The Bank classifies within this category all guarantees not included in the items above and all obligations with no any guarantee.

This way, for each debtor a different PDD is obtained according to the type of guarantee backing up the operation.

Given that guarantees constitute an important factor in the calculation of the expected loss, the policies and criteria of the Bank applied to them are described below:

Politic of Guarantees

- The guarantee is a legal mechanism used to back up the obligations assumed by the clients to the Bank.
- When credits are given, the approving entities condition the delivery of money to the compliance of some conditions, among which, the constitution and delivery of guarantees.
- The purpose of guarantees is to back up and ensure the compliance with the obligation (capital plus interest, fees and other charges) in the event of any contingency or default.
- There exist two types of appropriate or non-appropriate guarantees. Appropriate guarantees are those ones duly executed with a value established based on the technical and objective criteria offering and efficacious legal support of the compliance with the obligation guaranteed, giving to the Bank a preferred or best right to obtain the payment of the obligation the possibility of which is reasonably sufficient.
- The credit operations approved supported by any appropriate guarantee, care not susceptible of counting for or disbursing unless the guarantee has been duly constituted and legally executed, unless an explicit authorization by the approving entity.

- The guarantees will be chosen in accordance to its liquidity, that is, the facility to perform the goods involved. The evaluation of guarantees must be based on technical appraisals made by expert professionals.

c. The value exposed of the asset

In the commercial portfolio and consumption portfolio, it is understood as exposed value of the assed the outstanding balance of capital and interest and other receivables.

As of December 31. 2012, in compliance with the provisions in the External Circular Letter 026 / 2012, the Bank made an additional individual provision over the portfolio of consumption equivalent to the procyclic individual component of 0.5% over the outstanding capital of each consumption credit of the reference month multiplied by the corresponding PDD correspondent.

Housing Portfolio

General Provision

Corresponding at least to one percent (1%) over the total credit gross portfolio to the housing modality.

The Bank maintains at any time, provisions no less than those percentages below indicated over the outstanding balance

Category	Capital % Potion Backed up	Capital % Portion non-backed up	Interest and other concepts
A- Normal	1	1	1
B- Acceptable	3.2	100	100
C- Appreciable	10	100	100
D- Significant	20	100	100
E- Uncollectible	30	100	100

For Housing Portfolio, if during two (2) consecutive years the credit remain in the category “E”, the percent of provision over the guaranteed portion increases sixty point zero percent (60.0%). Should one additional year elapses under these conditions, the percent of provision over the guaranteed portion increases to one hundred percent (100.0%).

Effect of the appropriate guarantees over the constitution of individual provisions

For the purposes of individual provisions constitutions, the guarantees only over the capital of credits. Consequently, the outstanding balances to be amortized of the credits covered by securities holding the character of appropriate in the percentage corresponding by the application of such percentage:

- In dealing with housing credit in the portion not covered by guarantee, to the difference between the value of the outstanding balance and one hundred percent (100%) of the amount backed up. For the backed up portion at one hundred percent (100%) of the outstanding balance backed up
- In dealing with microcredit, to the difference between the amount of outstanding balance and the seventy percent (70%) of the value of guarantee. In these cases, depending on the nature of guarantee and the time of default of the respective credit, for the constitution of portions only the percentages of total value of guarantee indicated in the following charts are considered:

Non-mortgage Guarantee	
Time in Default	Percentage of coverage
0 to 12 months	70%
More than 12 months to 24 months	50%
More than 24 months	0%

Mortgage or Fiducia Appropriate Guarantee	
Time in default	Percentage of coverage
0 to 18 months	70%
More than 18 month to 24 months	50%
More than 24 month to 30 month	30%
More than de 30 months to 36 month	15%
More than 36 months	0%

Lining up Rules
Bank applies lining up rules of debtor qualifications according to the following criteria:

a. Following the constitution of provisions and qualification homologation, monthly and for each debtor, the Bank performs the internal lining up, and for such purpose it is carried to the higher risk category the credits of the same modality granted to debtor.
b. According to the relevant legal provisions, the Bank is under the obligation to consolidate financial statements; it assigns equal qualification to the credits of the same modality granted to a debtor.

(h) Acceptances, Spot Operations and Derivatives

Register the value of bank acceptances created by Bank on account of its clients and those ones created on account by its correspondents. In the same way, the bank registers spot operations and contracts entered by the Bank, of the operation with derivatives, such as forward, carrousel, futures, swaps and options

Bank Acceptances

Bank acceptances have a maturity term up to one (1) year and only originated from import and export of goods or sale/purchase of movable goods in the domestic market.

At the time of acceptance of letters, its value is simultaneously accounted for in the asset and in the liabilities, as “bank acceptance in term,” and if at the maturity they are not submitted to be collected, they are ranked under the title “bank acceptances after the term”. If when payment is made, they have not been covered by the purchaser of goods, they will be reclassified to the account of loans “bank covered acceptances”.

After maturity date, bank acceptances are subject to the cash position established to current liabilities at sight and before 30 days.

Spot Operations

Include the operations recorded with a compensation term equal to the date of registry of the operation or up to 3 business days from the day following the operation was made.

Financial assets acquired in spot operations are booked in the date of compliance or liquidation rather than in the negotiation date, unless these two date are coincident. Without prejudice of the foregoing, the changes of market value of the documents sold must appear in the statement of results as from the date of negotiation, as applicable.

Under the method of liquidation date, the seller records financial asset in its balance sheet until financial asset, a right to receive the cash derived from the transaction and an obligation to deliver the asset negotiated. The latter is valued at market price according to regulations prevailing for such investments and the variance of valuation of such obligation recorded in statement of results.

On the other hand, purchaser of asset does not records financial asset until the delivery thereof, but a right to receive asset is accounted for, which will be valued at market price, and an obligation to deliver the cash agreed on in the operation.

When operation is actually made, purchaser and seller of asset will revert both the right and the obligation recorded since the time the negotiation was made.

Derivative Financial Instruments

A derivative financial instrument allows for the administration of one or more risks associated to underlying risk and compiles with any of the conditions below:

- Requires no a net initial investment.
- Requires a net initial investment lower to that necessary to purchase instruments providing the same expected payment as a response to the changes of market factors.

- **Forward Operations**

A 'forward' is a derivative formalized by an agreement between two parties, made to the measure of the needs, to purchase/sell any specific amount of a given subjacent at any future date, stating, in the date of execution, the basic conditions of derivative financial instrument, between the parties, mainly the price, the delivery date of underlying and the modality of delivery. The assessment of instrument in the maturity date may be made by physical delivery of the underlying or by liquidation of differences, depending on the underlying and the modality of delivery agreed on, this latter susceptible of modification by mutual agreement between the parties during instrument term.

- **Options**

An "option" is a contract giving the holder an option or the right, although this does not imply the obligation of purchase or sale a specific amount of an asset at any price and at any determined date or during any determined time. Such contract undertakes the signatory to sale or purchase the asset in the date when the "option" will be exercised by the holder according to the conditions related to quantity, quality, and price determined for such purpose in the contract.

- **Swaps**

A swap operation, or financial swap is a contract entered into between two parties whereby the contracting parties Exchange a series of cash flows, calculated according to some conditions contractually agreed on which must be compensated on the specific dates at the agreed on at the beginning of the operation.

The purpose of this type of operations is to reduce the risks generated by the variations of exchange and interest rates. In general, the swaps are contracts aimed at covering those long-term operations involving a residual flow.

Swap operations may be about interest rate, or contracts where cash flows paid by both two parties are nominated in the same currency, and swaps of Exchange type, or foreign currency where the flows of the operation are nominated in different currencies.

There exist two types of interest rate swaps: Fixed rate by variable rate, and variable rate by variable rate
The Interest Rate swap (IRS) is a an agreement between two parties needing to Exchange the interest derived from the payment or collection of future flows existing in different modalities of interest rate. In this type of swap, there is no transfer of principal and is made in the same currency.

The Cross Currency Swap (CCS) is a contract between two parties needing to Exchange principals, which are nominated in different currencies, for a specific time period. During the time of contract, each of the parties assume the interest generated by the principal received in the swap or Exchange. On the amortization dates and upon the expiry of contract, the principals are exchange at the original type of currency of every party, and the spot rate of the beginning of the operation is used.

There exist three swaps on the currencies: Fixed-Contra-fixed Swap of foreign currency, variable contra-variable swap of foreign currency and swaps of fixed-contra-variable foreign currency

- **Futures**

A Future is a standardized agreement about its compliance date, size or par value, characteristics of the respective underlying, price and delivery conditions (in king or in cash). This future is negotiated in a Stock Exchange with counterparty Central Risk Chamber, by virtue of which two parties become obliged to purchase/sell an underlying in any future date (expiry date) at a price agreed on the date of execution of agreement.

Futures may be accomplished by cash liquidation, by means of opposite operation before expiry date, by physical delivery of product or by making liquidation against an index.

Accounting and valuation of Derivatives Financial Instruments:

Financial instruments derivatives can be negotiated for any of the purposes below:

- Coverage of risks from other positions,
- Speculation, attempting to obtain profit, or
- By doing market arbitration.

Accounting of the financial instruments derivatives is dependent on its negotiation purpose

Financial Instruments Derivatives with Speculation Purposes

These operations are included in the balance sheet, since the date of execution of the fair price of exchange. When in the initial date the value of contracts is zero (0), i.e. neither payments are made nor physical delivery between the parties, the statement of results remains unchanged. In the subsequent valuations, the variations in the fair price of exchange are recorded in statement of results.

In the date of assessment of financial instruments derivatives the balances corresponding to account of the balance sheet are paid out and any difference is charged as a profit or loss in the respective account the statement of results, as applicable. Should the accumulate balance of financial instrument derivative on such date is positive, an income is recorded, and if negative, an expenditure is recorded. This procedure is carried out in and independent manner, instrument by instrument, each time there are liquidated.
The valuation of financial derivative instruments and of the structured products shall be made on a daily basis at fair exchange price. The value or fair price of exchange is that whereby any buyer and seller are ready to transact the appropriate financial instrument or structured product, according to the specific characteristics of the instrument or product and under the conditions prevailing in the market at the date of negotiation. Such conditions will be given by the valuation information and/or the price of valuation given by authorized suppliers of price for valuation.

Type of Operation	**Valuation and Accounting**
Forward on Securities	In the forward of purchase over securities, the right is calculated by valuing the security at the market price and the obligation obtaining the present value of the purchase amount agreed upon. In the event of forwards of sale over securities the right is calculated obtaining the present value of the sale amount agreed and the obligation valuing the security at market price.
Forward on foreign currency	Methodology of valuation for forward and spot operations over foreign currency used by the Bank, is made by bringing to present value the flows, (future obligations and rights involved in the operation; the more usual is that one of these two flows is given in US Dollars, and the other one in Colombia Pesos. Each flow is brought to present value using market discount rates in dollar and Colombian Pesos for the remaining term in each operation. These present values are computed using the continuous composed rates. Once present values of the flows are obtained, they are re-expressed in Colombian pesos using the Market Representative Rate calculated and certified by Colombia Finance Superintendence. The interests used are those of the market based on mean devaluations of Colombian Market.
Options	The determination of option market value in currency made by the Bang, it is estimated using a methodology developed by Black and Scholes.

Type of Operation	Valuation and Accounting
	The initial record corresponds to the premium actually paid and the variations in the exchange fair price in respect of the initial actually paid are accounted for in the statement of results. The rights and obligations are recorded in the contingent accounts. When the Bank purchase an option, either “call” or “put” , the accounting records, both of the premium paid and its daily variances at Exchange fair price is made in the Asset. When the Bank sells an option, the accounting record of the premium received and the records of daily variations at Exchange fair price are recorded in the Liabilities. In the date the contract is finishes, the balances corresponding to value of right and that of the obligation are paid out, and any difference ins charged as profit of loss in the valuation of derivatives
Futures	In this type of derivatives, there is daily assessment of profit and loss. The Chamber of Counterpart Central Risk “CCCR”” communicates, in a daily basis, the result of participant compensation and proceeds to debit or credit the loss and profit made. For the event of futures of notional bond, if the Bank shows short position, it notices the “CCCR” the security intended to be used to comply with its obligation, according the specifications of the deliverables basket and the transfer of such securities is made through the deposits of securities (DCV and/or DECEVAL) who will confirm to “CCCR” the transfer of such securities. For the event of futures of dollar/peso exchange rate at the term of the contract, the assessment is made against the underlying price (MRR) published the last day of negotiation. The value of the obligation to be recorded by the seller in its bank (right for buyer), in Colombian pesos, corresponds to the price of each unit of contract of futures reported on the date of valuation, by Stock Exchange by the number of contracts, and by the nominal value of each contract. On the other hand, the value of the right to be recorded, the seller in its balance sheet (obligation for purchaser), in Colombian pesos, correspond to the price of each unit fixed in the future contract, multiplied by the number of contracts and by the nominal value of each contract. The Novated Forwards consist of financial instruments derivatives, negotiated in the counter market and which counterparts, by mutual agreement, make the decision to carry it to a counterpart central risk chamber for its compensation and liquidation; this agreement is governed by the frame contract executed between the initial counterparts until the day when the counterpart central risk chamber is interposed as counterpart of the operation. From that moment on, the rules of the chamber will apply and therefore, the frame contract will cease to be valid previously executed between the initial counterparts of such financial instrument. Likewise, the respective Counterpart Central Risk Chamber must ensure to Colombian Finance Superintendence, the Access to the information of those operations required by the Superintendence. The accrued balance existing in the balance sheet until the day when the counterpart central risk chamber effectively accepts the operation, this same day is carried to an payable or a receivable account, as applicable, in the name of such chamber, Such account is cancelled with rules of the respective Counterpart Central Risk Chamber.
Swaps	The valuation of swap consists of bringing to present value (disconnection) each one of the future flows and turn them into the currency base of the accounting. To carry out the process of valuation of swap, the Bank updates the market information (curves of interest rate and exchange rate) and according to the

Type of Operation	Valuation and Accounting
	specific characteristics of each operation, breaks down the swap into future cash flows and calculates the total flow in every date of compliance. The summation of presents values of flows received is accounted of as a right and the summation of the series of flows delivered are accounted for as an obligation.

(i) Realizable, Received in Payment and Delivered Back Asset

Corresponded to goods received in payment of credit obligations unpaid by clients recorded by its commercial value supported on an appraisal of recognized technical value. When the difference between final value and the credit paid is higher, such difference is recorded as an account payable.

Valuations of immovable property received in payment, are accounted for in the memorandum accounts

When the good received in dation in payment is not in marketable conditions, its cost is increased with the necessary expenses incurred to render salable to property.

The goods delivered back from financial leasing operations due to default of the contract by the lease, or due to refraining from exercising purchase option, the good recorded at the cost, corresponding to the balance receivable from the leasing contract.

Valuation on goods delivered back, movable and immovable, they are recorded in the memorandum account.

(j) Provision of Goods Received in Payment, Goods Delivered Back. Goods Returned and Unused in the Business Purpose.

Immovable Property

A provision is made in monthly aliquots within the tax year following the receipt of the property, equivalent to thirty percent (30%) of acquisition cost, and increased in monthly aliquots within the second year by thirty percent (30%) additional until reaching sixty percent (60%). Upon the completion of legal term to the sale, and the extension has not been authorized, the provisions is increased to eighty percent (80%), unless extension is obtained, in such event, the twenty percent (20%) may be made within the term of the extension.

When acquisition cost of the immovable property is lower than the value of the debit recorded in the balance sheet, the difference is immediately recognized in the statement of results.

When the commercial value of the immovable property is lower than the booked value of the asset received in payment, a provision for the difference is accounted for.

Movable Property

For movable property, a provision equivalent to thirty five zero percent (35.0%) of the acquisition cost of the property received in payment is made within the following year the property is received, and increased in the second year by thirty five zero percent (35.0%) until reaching seventy zero percent (70%) of the value booked of the property received in payment before provisions. Upon the completion of the legal terms to sell the asset, without any extension is obtained, the provisions will be one hundred zero percent (100.0%) of the value of property before provision, unless an extension is obtained, and in such event the additional thirty Zero percent (30.0%) may be made during the extension.

Without prejudice of the provisions aforementioned, the movable goods received in payment corresponding to investment papers are value by applying criteria that for such purpose, are provided in chapter I of the Accounting and Financing Basic Circular Letter, taking into account its classification as marketable investments, available for sale of to be maintained up to the maturity.

The provisions made over property received in payment or property delivered back from leasing operations, may be reversed they are spot sold, if those goods are placed in portfolio or in financial leasing operations, the profit derived as a result of the transfer of asset to the account portfolio of credit and financial leasing operations, shall be deferred in the term where operation was agreed on.

Regulations about Legal Term for Sale

The goods received in payment shall be sold within two years following the date of acquisition; they may, however, accounted for as fixed asset, when they are necessary in the ordinary line of business and the limits of investment of asset are accomplished.

It is possible to apply for Colombia Finance Superintendence to extend such term of sale, and such application may be submitted in any case properly in advance to the legal expiry term set forth.

In the respective application, it is necessary to demonstrate that, notwithstanding. The procedures of management for the alienation have been flowed, it has not been possible to obtain the sale. In any case, the extension of term cannot exceeded, two years, as from the date of maturity of their initial legal term, and during such period it is necessary to continue with the tasks aimed at the sale of these unproductive assets.

(k) Property and Equipment

Records tangible asset acquired, constructed or under import process, use in a permanent manner in the development of the line of business and the useful life of which is more than one (1) year. This includes cost and indirect expenses caused until the time the asset is under use conditions.

Additions, improvements, and extraordinary repairs are significantly increasing useful life of assets, are booked and additional value and the expenses related to maintenance and repairing made to maintain such assets are included in debited to expenses as they are caused.

Depreciation is recorded using straight-line method y according to estimate number of useful life years of the assets. Annual depreciation rates of each item of asset are the following:

- Buildings	5%
- Office equipment, furniture and fixture	10%
- Computing Equipment	20%
- Vehicle	20%

The property and equipment are recorded at cost price, which was re-expressed as a result of the inflation up to December 31, 2000.

Individual provisions on the property and equipment which net vale is higher than the commercial value determined by technical appraisal shall be recorded, and when the net value is lower than the commercial value, such difference is recorded as valuations of asset in the patrimony.

(l) Asset given in Operative Leasing

Include the cost of goods given in operative leasing delivered by the entity to be used by the user following the respective agreement.

Where in contracts of operative leasing it is provided that together with the payment of rent ninety percent (90%) more the value of good is amortized, depreciation of such goods will be made during the term of the agreement and using the methodology of financial depreciation according to contractual conditions.

The goods given in operative leasing are recorded at cost and disbursement on account of improvement and repairs to increase their efficiency and useful-life of that of capitalized asset. The expenditures for maintenance and repairs are accounted for as expense of the operational period where expenses are made.

Depreciation of goods given in operative leasing, is made in the time resulting lower between useful-life of the good and the leasing contract term.

Over the value of goods given in leasing a general 1% provision is made, without exceeding the accrued depreciation amount one hundred percent of the goods given in operative leasing.

(m) Branch Offices and Agencies

Accounts for the transactions of the operations made between Main Office and the Branch Offices, as well as those made between them and the Agencies.

Balances are daily reconciled and the pending items resulting are regularized during a term no longer than thirty (30) calendar days.

At the accounting closing net balances are reclassified, to reflect the accounts from branch offices and agencies, to asset or liabilities accounts and the respective income and expenses are recognized.

(n) Prepaid Expenses and Deferred Charges

Prepaid expenses correspond to expenditures incurred by the Bank in the activity development which benefit or service is received during several periods; they may be recoverable and involve the successive supply of services to be received.

Deferred charges correspond to costs or expenses that benefit future periods and are not susceptible of recovery. Amortization is recognized from the day they contribute to produce income.

Causation or Amortization is made as indicated below:

Prepaid Expenses

- Interest during prepaid period.
- Insurance during policy term
- The other prepaid expenses during the period the services are received.

Deferred Charges

- Organization and preoperational expenses during a period no longer than two (2) years.
- Restructuring during a time period no longer than two (2) years.
- Studies and project, a time period no longer than two (2) years.
- Computing software during a time period no longer than two (3) yeas
- Stationery according to actual consumption
- Improvements to property leased during the shorter period between the term of the respective lease agreement, overlooking the extensions, and the probable useful-life of the property.
- Deferred income tax “debit” for temporary differences at the time the legal and regulatory requirements are compiled as provided in the tax regulations.
- Patrimony tax during a 4-year time period
- Real Estate Tax during 1-year time period
- Contributions and affiliations during the prepaid time period.
- The other concepts are amortized during the estimate period to recover the expenditure or the obtainment of the expected benefits

(o) Goods to be placed in Leasing Agreements

The new goods acquired by Company which contract has not started due to any pending legal requirements are entered in this accounting item, and those goods under in operative leasing delivered back by lease are also entered in this item. The devolution of those goods shall be accounted for by its book cost (cost less accrued depreciation) it is not subject to depreciation; provision is made according to the guidelines in Chapter III of Circular Letter 100/1999 (See Note 2, letter j – Marketable Goods Received in Payment Provision, and delivered back goods).

(p) Intangible Goods

Under Resolution 0828, of May 19/2006, Colombia Finance Superintendence authorized the take-over of Banco Unión Colombiano S.A. The mercantile credit resulting from the difference between the value paid and net patrimony as of the date of the take-over, of Banco Union Colombiano, is redeemed by exponential system in 237 month, the difference between 20-year term and the time already redeemed according to provisions in the External Circular Letter Nº 034/2006 of Colombia Finance Superintendence . In any case, the Bank may voluntarily elect a shorter period.

At present, the Bank values at market prices the line of business associated to mercantile credit, which are fully determined and identified within the entity acquired since the zero time of the acquisition, to determine if there is or not due to impairment of value. The valuation is made by using the method of flow of profit generated by each line of business identified as generator independent from cash.

In the event that it is determined that business lines have resulted in loss for the impairment of value, such loss shall be immediately recognize in the statement of results as an amortization of mercantile credit associated to the same. This means that in no any event, the deferral was allowed. In the same way, if subsequently the situation becomes contrary, the loss recorded may not be invested, nor also in the balance of credit, the mercantile credit acquired may be increased

Similarly, if any of the business lines is known, more future benefits are no longer generated, the entity must immediately proceed to the amortization of mercantile credit assigned to such line of business, against the statement of results.

Rights in Trust
Registers the rights generated by virtue of execution of mercantile trust contract giving to the settlor or beneficiary the possibility to exercise the rights according to the constitutive act or law.

The transfer of one or more goods made by the settlor to the trustee shall be made, for accounting purposes, by its adjusted cost, so that the delivery itself does not involve the obtainment of profits to the constituent and the profit will only involve incidence on the results when the good or goods subject matter of trust when "actually" it is sold the third parties.

(q) Valuations

- Valuations of investment available for sale in certificates of participation are booked based on issuer's patrimonial variances.
- Valuations of real estate property are determined by comparing the net cost to the value of commercial appraisals made recognized and independent persons or firms. If any devaluation will occur, considering the Standard of reasonable prudence, for each real estate property, a provision is made.
- Valuation of art and culture goods is recorded taking into consideration conservation status of the works, originality, size, technique and quotation of similar works.

Asset Valuation and Devaluations

Valuation of action making part of patrimony, include:

1. Commercial technical appraisals made by specialized firms, versus book net value of property and equipment and goods given in operative leasing of Bank.
2. Commercial value of available investment for sale in participative securities versus its net book cost.

For investment quoted in stock exchange, such surpluses are determined based on the market value or in default thereof, with their intrinsic value, as determined over financial statements up six month before.

In the event of impairment of value for investments available for sale, participative securities and property and equipment by real property, in keeping with prudence standard, for each good, individually, the value of valuation is reversed, if available and provision is constituted.

Over goods received in payment and delivered back, valuations are not recorded

(r) Prepaid Income and Deferred Liabilities

This item includes deferred and prepaid income received by the Bank during operational activity, which are amortized during the operational period when services are actually supplied or caused.

(s) Estimate Liabilities and Provisions

The Bank records Provisions to cover estimate liabilities, taking into account that:

- There exists an acquired right, and as a result, an obligation assumed.
- The right is payable or probably, and
- Provision is justifiable, quantifiable and verifiable.

In the same way, this item includes the estimated valued for tax, contributions and affiliations concepts.

(t) Retirement Pensions

The Bank has currently the actuarial calculation totally amortized, that is, it is maintained updated on a semi-annually basis and totally amortized during the respective half-year operational period.

Retirement pension payments are charged against the provision made.

(u) Legal Reserve

According to Decree 663 of April 2/1993, the Legal Reserve of credit entities is made up, at least with 10% of net profit from each operational period, until completing 50% of the subscribed capital; such reserve only may be decreased down to such percentage in order to set-off accrued loss in excess of the amount of undistributed profit

(v) Contingent Accounts

Economic facts or circumstances, potentially affecting Bank's financial structure, are recorded and contingent accounts. Additionally, those operations whereby the entity could acquire any right or assume an obligation the occurrence of which is conditioned that any fact will or not occur, are recorded as contingent accounts, depending on eventual or remote future factors. Contingent accounts include collaterals, bank guarantees given, open letters of credit unused, and other contingencies.

(w) Memorandum Accounts

Its items records the operations made with third parties that by its nature do not affect bank's financial situation, as well as fiscal accounts corresponding to the figures used to produce tax declarations. Similarly, it includes the accounts of internal control record and commercial information. The memorandum accounts may be debtor or creditor, depending on the nature of the operation. It contains, in addition, the value of credits classified by age, the reciprocal operations with affiliates and as from January 1, 2001, the value for indexation fiscal adjustments of non-monetary asset and the patrimony.

(x) Income, Cost and Expense Recognition

The Bank uses the standard of association and accrual method to recognize and record income, cost and expenses. Interest, commissions, and rent paid or received in advance are recorded in the account of expense or income prepaid or received in advance. Interest, indexation, exchange adjustment, monthly rent and income for other concepts will stop causing when ay credit shows the following default: commercial credit, 3 months; consumption credit, 2 months.

Income from financial returns and financial leasing and other concepts are recognized at the time they are payable, excepting the interest, indexation, exchange adjustment, and other concepts originated from:

- Commercial credits more than 3 months in arrears
- Consumption credits more than 2 months in arrears
- Housing credits more than 2 months in arrears

Therefore, they do not affect the statement of results until they are effectively paid. While this result occurs, the appropriate record is made in the memorandum accounts.

For those cases where, as a result of restructuring agreement or any other modality of agreement occurs, capitalization of interest is accomplished recorded in the memorandum accounts or written-off portfolio balance including capital, interest and other concepts will be recorded as deferred credit in the code 272035 and its redemption to the statement of results will be made in proportion to the amount actually recovered

(y) Related-Parties

Related-parties are considered:

- The companies where the Bank holds management or financial control, and they are subject to (subordinate) consolidation.
- Stockholders individually holding more than 10% of Bank stock capital and those which individual participation is less than 10%, and respect of which exist operations exceeding 5% technical patrimony
- The members of the Board of Directors and the Managers

(z) Conversion of Transactions in Foreign Currency

As intermediary in exchange market, the Bank may directly make purchase and sales of foreign currency derived from the exchange market.

Operations in foreign currency, other than dollar, are converted into American Dollars, and the re-converted to Colombian Pesos, using the market representative exchange rate (MRR) calculated on a daily basis and certified by Colombia Finance Superintendence. As of December 31, 2014 and June 30, 2014, the rates were $2.392,19 (In COP) and $1.881,19 (In COP) respectively.

"Own position" in foreign currency of exchange market intermediaries is defined as the difference between the rights and obligations determined in foreign currency, recorded inside and outside the balance sheet, realized or contingent, including those payable in Colombian legal tender.

"Own Spot Position" is the difference between all asset and liabilities in foreign currency according to PUC excluded the investments available for sale in certificates of participation, carrousel operations, forward contracts, futures contracts, swaps and profit or loss in operation valuations, and asset and liabilities in foreign currency.

Leverage gross position is defined as the summation of i) the rights and obligations in fixed term and future contracts in foreign currency; ii) spot operations in foreign currency with compliance between on banking day (t+l) and two bank days (t+2), and iii) the exchange exposure to debit contingencies and credit contingencies acquired in options and derivatives negotiations over the type of exchange.

Arithmetic averages of three (3) business days of own position will exceed the equivalent in foreign currency to 20% of technical patrimony.

Arithmetic averages of three (3) business days of own spot position may be negative without exceeding the equivalent in foreign currency to 5% of technical patrimony.

Arithmetic average of three (3) business days of own spot position will not exceed to 50% of technical patrimony.

Arithmetic average of three (3) business days of own position leverage gross position will not exceed 550% of the amount of technical patrimony. For such purposes, the Bank determines technical patrimony in Dollars based on financial statements of the precedent second calendar month and applying exchange rate, to the re-expression of figures in foreign currency of the precedent month.

As of December 31, 2014 and June 30, 2014 the asset in foreign currency amounted to US$ 1.749.069.368,79 and US$(454.015.726,01) and liabilities amounted to US$ 1.762.806.735,43 and US$(458.540.448,05), respectively.

aa) Net profit per Stock

As of December 31, 2014 and June 30, 2014 net profit per stock was computed according to the weighted average of outstanding stocks that was 155.899.719 per both half-years.

(bb) Weighted Asset Ratio per Level of Risk – Technical Net Worth

Technical net worth can be less than nine point zero percent (9.0%) of asset in legal and foreign currency weighted by level of risk, as indicated in article 2.1.1.1.2 of Decree 1771/2012, formerly Decree 2555/2010. The individual compliance is checked out every month and every six months in a consolidated manner with its subsidiaries in Colombia, controlled by Colombia Finance Superintendence and the financial affiliates abroad.

Classification of risk asset in each category is made by applying the percentages determined by finance superintendence to the risk asset to each of the items of asset, creditor contingent accounts, deals, and financial assignments established in the Account Single Plan.

(3) Major Differences between Especial Standards and Accounting Standards Generally Accepted in Colombia

Especial accounting standards set forth by Colombia Finance Superintendence show some differences with the accounting standards generally accepted in Colombia, as follows:

Property, Plant and Equipment

Accounting standards generally accepted determine that at the closing period the net value of property, plant and equipment, such adjusted value exceeds twenty (20) minimum legal monthly salaries, should be adjusted to its surrender value or its present value, recording the valuations and provisions necessary while especial standards do not show conditions for this type of asset

Premium of Stock Placement

The especial provision provides the Premium of stock placements recorded as a portion of legal reserve, while the generally accepted standards indicate that it shall be recorded in the patrimony.

Financial Statements

For the statement of changes in the financial situation, the Decree 2649/1993 provides the definition as a Basic Financial Statement; Colombia Finance Superintendence does not require this statement.

(4) IFRS Banco de Occidente implementation project

According to Decree 2784/2012, the Bank belongs to the Group 1 of preparers of financial information and, on February 2013 submitted to Colombia Finance Superintendence, the Plan for the implementation of International Financial Reporting Standards (IFRS).

On December 31/2014 the transition period under the current accounting regulations finished and began in 2015 the obligation to prepare the first financial statements under the International Financial Information Standards.

To apply the IFRS to 2015 financial standards, on August 2013 the Ministry of Treasury and Public Credits issued the Decree 1851 whereby the application of IFRS to investment classification and valuation is excepted, treatment of credit portfolio and its impairment, additionally with issue of External Circular Letter 036 of December 2014 by Colombia Finance Superintendence, the treatment to provisions for goods in dation of payment or returned was excepted.

On August 15 / 2014 the Opening of Statement of Financial Situation (OSFS) was transferred to January 1, 2014 to Colombia Finance Superintendence; subsequently, on October 17/2014, the Statutory Auditor submitted to Finance Superintendence its audit report to OSFS. Based on such report, the Finance Superintendence applied for the Bank to submit again the enhancement action plan and to make a new transmission of the OSFS adjusted according to the recommendations of the Statutory Auditor; such file was transmitted again on December 15/2014.

(5) Available

The detail of the available in legal tender and foreign currency converted to legal tender is as follows

	December 31, 2014	**June 30, 2014**
Legal Tender		

Cash	$	466.441	443.894
Central Bank		1.283.809	1.399.950
Banks and other Financial Entities		82	20
Conversion		2.563	2.792
In Transit Remittances		239	126
	$	**1.753.134**	**1.846.782**
Foreign Currency Conversion to Legal Tender			
Cash		22.265	17.399
Central Bank		659	518
Banks and other Financial Entities		94.267	178.547
In Transit Remittances		1.192	658
	$	**118.383**	**197.122**
	$	**1.871.517**	**2.043.904**
Provision of Available			
Legal Tender		-	(3)
	$	**1.871.517**	**2.043.901**

Below the movement of Provision of Available for the semester ended on December 31, 2014.

		December 31, 2014	**June 30, 2014**
Opening Balance (1)		(3)	
Recovery of Provision		3	
Final Balance	**$**	**-**	

The cash balance and deposits in the Central Bank in legal tender, as of December 31, 2014 and June 30, 2014, include amount for banking reserve required to be maintained in the Bank over the deposits of clients, according to legal provisions.

There are no other limitations over the available.

(1) At the closing June 30, 2014 the provision of $3 corresponds to conciliation items in the available with effect on results more than 30 days.
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(6) Active Positions in Monetary Market and Related Transactions

Below the detail of active positions in Monetary and related market transactions:

		December 31, 2014	**Annual Effective Average Rate**	**June 30, 2014**	**Annual Effective Average Rate**
Legal Tender					
Ordinary Inter-bank funds sold:	$	120.000	4,45%	437.000	3.97%
Investment Transfers investment in simultaneous operations		-	-	19.449	3.27%
		120.000		**456.449**	
Foreign Currency					
Ordinary Inter-bank Funds Sold		170.430	0.34%	170.430	0.34%
		170.430		**170.430**	
	$	**626.879**		**626.879**	

Over inter-bank funds sold and back purchase agreement there exist no restrictions.

(7) Investments

Detail of Investment below:

Investments in Certificates of Indebtedness Marketable	**Dec-31, 2014**	**Jun-30, 2014**

Legal Tender			
Issued by the Nation	$	664.581	447.613
Financial Institutions		44.897	19.736
	$	**709.478**	**467.349**
Foreign Current			
Foreign Bank		149.456	160.419
Other		2.704	2.219
		152.160	**162.638**
	$	**861.638**	**629.987**
Marketable investments in Participation Securities			
Stocks of Corporación Corficolombiana S.A.	$	400.253	-

On December 12/ 2014 The transfer of 29.846.142 stocks from Corficolombiana S.A. was made with available for sale to marketable in participation securities at $38.459 per stock, o total of $1.149.076; this resulted in a profit non-realized cumulative gain by $734.072.

Subsequently, on December 17 / 2014, through the approval by the Stockholders General Meeting of the Bank, as documented in Minutes No 119, were sold the Group Aval 20'008.260 stocks at $38.500 each stock, resulting in an amount of sale of $769.497.

The reclassification was passed by Colombia Finance Superintendence on December 10/2014, according to File No. 2014111090-004-00.

Investments in Certificates of Indebtedness To Maintain Until Maturity		**Dec-31, 2014**	**Jun-30, 2014**
Legal Tender			
Foreign Bank	$	60.303	82.193
Financial Institutions		571.392	578.627
	$	**631.695**	**660.820**

Investments in Certificates of Indebtedness Available for Sale		**Dec-31, 2014**	**Jun-30, 2014**
Legal Tender			
Issued by the Nation	$	3.181.069	1.854.738
Securities of credit contents derived from ownership processes		21.949	32.483
Financial Institutions		15.033	3.032
Other		7.674	7.638
	$	**3.225.725**	**1.897.891**
Foreign Current			
Issued by the Nation		7.480	
Securities of credit content derived from financial institutions titration		7.205	2.089
	$	**14.685**	**2.089**
	$	**3.240.410**	**1.899.980**

Back purchase rights (Transfer) of investment in Certificates of Debt			
Marketable			
Legal Tender		**Dec-31, 2014**	**Jun-30, 2014**
Certificates of domestic public debt issued or endorsed by the Nation	**$**	37.206	67.869
Foreign Current			
Certificates of External Public debt issued or endorsed by the Nation		48.564	47.476
Securities issued, secured or guaranteed by institutions controlled by Bank Superintendence (including bonds mandatorily or optionally convertible into shares)		-	3.293
Securities issued, endorsed, backed up, or accepted by third parties abroad		-	2.059
	$	**85.770**	**120.697**

Investments delivered in guarantee of debt securities Available for Sale Legal Tender			
Certificates of internal public debt issued or backed up by the Nation	$	90.814	239.674
Investments delivered in Guarantee with Derivate Financial Instruments and Others			
Available for Sale Legal Tender		**Dec-31, 2014**	**Jun-30, 2014**
Certificates of internal public debt issued or backed up by the Nation	$	56.925	40.348

Treasury operations participated with 3.60 % of the total Bank operational income on December 31, 2014.

The following itemizes Certificates of Participation Available for Sale:
(The number of shares is given in thousand pesos)

December 31, 2014

Business Name	Stock Capital	# Shares Owned	% de Participation	Cost (1) Adjusted	Patrimonial Value	Net Valuation	Prove.	Unrealized Accrued Profit/Loss	Rating
With Exchange Market Quotation National investments									
A Toda Hora S.A.	-	333	20,00%	263	1.416	1.152	-	-	A
A.C.H. Colombia S.A.	-	6.595	4,79%	272	1.190	918	-	-	A
Cámara de Compensación de Divisas de Colombia S.A.	-	2.500.000	3,19%	80	152	72	-	-	A
Cámara de Riesgo Central de Contraparte de Colombia S.A	-	40.366.665	1,15%	472	650	178	-	-	A
Casa de Bolsa S.A.	-	15.223	7,95%	2.584	2.607	23	-	-	A
Depósito Central de Valores S.A.	-	482	1,26%	457	843	386	-	-	A
Fiduciaria de Occidente S.A.	-	16.773	94,98%	95.927	186.567	90.640	-	-	A
Gestión y Contacto S.A.	-	102	1,02%	75	236	161	-	-	A
Pizano S.A.	-	6.981 .167	0,92%	2.211	1.854	(356)	-	-	A
Porvenir S.A	-	101.195	24,16%	331.897	400.169	68.272	-	-	A
Redeban Multicolor S.A.	-	9.996	7,24%	1.564	6.490	4.926	-	-	A
Ventas y Servicios S.A.		2.088	45,00%	7.180	9.707	2.527	-	-	A
Cifin S.A.	-	827	7,36%	1.234	2.619	1.385	-	-	A
Overseas Investments:							-	-	
Banco de Occidente Panamá S.A.	11	1.643	95,00%	67.418	67.623	205	-	-	A

December 31, 2014

Business Name	Stock Capital	# Shares Owned	% de Participation	Cost (1) Adjusted	Patrimonial Value	Net Valuation	Prove.	Unrealized Accrued Profit/Loss	Rating
Occidental Bank Barbados Ltd	8	2	100,00%	41.876	67.486	26.610	-	-	A
	$			**553.510**	**553.510**	**750.609**	**-**	**-**	
Stocks with high market liquidity With Exchange Market Quotation National investments									
MasterCard	-	130.807	0,00%	91	91	**-**	**-**	-	A
				91	**91**	**-**	**-**	**0**	
Total				**553.601**	**750.700**	**197.099**	**-**	**0**	

June 30, 2014

Business Name	Stock Capital	# Shares Owned	% de Participation	Cost (1) Adjusted	Patrimonial Value	Net Valuation	Prove.	Unrealized Accrued Profit/Loss	Rating
With Exchange Market Quotation National investments									
A Toda Hora S.A.	-	333	20,00%	263	1.366	1.102	-	-	A
A.C.H. Colombia S.A.	-	6.595	4,79%	272	1.121	849	-	-	A
Cámara de Compensación de Divisas de Colombia S.A.	-	2.500.000	3,19%	80	133	53	-	-	A
Cámara de Riesgo Central de Contraparte de Colombia S.A	-	40.366.665	1,17%	472	637	165	-	-	A
Casa de Bolsa S.A.	-	15.223	7,95%	2.584	2.547	(37)	-	-	A
Depósito Central de Valores S.A.	-	482	1,26%	457	685	228	-	-	A
Fiduciaria de Occidente S.A.	-	16.403	94,98%	88.402	161.793	73.391	-	-	A
Gestión y Contacto S.A.	-	102	1,02%	75	174	99	-	-	A
Pizano S.A.	-	6.981 .167	0,92%	2.211	2.212	(98)	-	-	A
Porvenir S.A	-	99.237	24,16%	315.282	381.170	65.888	-	-	A
Redeban Multicolor S.A.	-	9.996	7,24%	1.564	6.017	4.453	-	-	A
Ventas y Servicios S.A.		1.660	45,00%	5.432	8.150	2.718	-	-	A
Cifin S.A.	-	827	7,36%	1.233	2.268	1.035	-	-	A
Overseas Investments:							-	-	
Banco de Occidente Panamá S.A.	11	1.643	95,00%	53.011	64.437	11.426	-	-	A

June 30, 2014

Business Name	Stock Capital	# Shares Owned	% de Participation	Cost (1) Adjusted	Patrimonial Value	Net Valuation	Prove.	Unrealized Accrued Profit/Loss	Rating
Occidental Bank Barbados Ltd	8	2	100,00%	32.927	55.196	22.269	-	-	A
	$			**504.265**	**687.806**	**183.541**	**-**	**-**	
Stocks with high market liquidity With Exchange Market Quotation National investments									
Corporación Financiera Colombiana S.A.	**-**	213.001	13,79%	1.113.895	**1.113.895**	**-**	-	728.955	A
Other Securities: National Investments									
MasterCard	-	130.807	0,00%	72	72	**-**	**-**	-	A
				1.113.967	**1.113.967**	**-**	**-**	**728.955**	
Total				**1.618.232**	**1.801.773**	**183.541**	**-**	**728.955**	

According to provide in subsection (i) literal c) Items 6.2.1 and 8.2 of External Circular Letter 033 / 2002 issued by Colombia Finance Superintendence, acquisition cost of investments made before September 2/2002 is the intrinsically value calculated on that date. For subsequent purchases, acquisition cost is its purchase value.

During the second and first semester 2014, the Bank received dividends in shares, accounting for the largest number of shares owned by the following corporations:

	Dec-31, 2014		Jun-30, 2014	
	Date	**Value**	**Date**	**Value**
Sociedad Administradora de Fondos de Pensiones y Cesantías S.A.	Aug – 14	16.615	Mar-13	$ 8.622
Corficolombiana S.A. (1)	Sep – 14	30.064	Mar-13	25.583
Fiduciaria de Occidente S.A	Aug – 14	7.525	Feb-13	13.167
Occidental Bank Barbados S.A.		-	Apr-14	2.087
Cifin		-	Mar-14	793
		$ 54.204		**$ 50.252**

(1) During the second half-year 2014, Corficolombiana S.A. decreed dividends in shares for $30.064 million, such value brought to dividends as income on December 29, 2014 according to decision passed in the Extraordinary meeting of Corfi-colombiana, its reserve set out in the Decree 2336/1995 was capitalized, by the issuance of stocks, proceeds of this to Banco de Occidente S.A. corresponded 178.454 stocks valued in the P&L at the market price. It should be noted that previously to this investment on December 2014 was reclassified of investments available for sale, according to approval by Colombia Finance Superintendence

All investments available for sale in certificates of participation correspond to stocks with low and minimum liquidity, with the exception of the investment in Corporación Financiera Colombiana S.A. corresponding to high liquidity stocks.

About investments there exist no restrictions or pledging.

Investment in Banco de Occidente (Panamá) S.A. corresponds to an indicial contribution of US$4,382,130 (Dollars) by the subscription of 438,213 stocks, US$10 (Dollar) par value each, on December 6/1995 the contribution increased by US $2,999,993 (Dollar) by the conversion of Bonds into stocks (158,311 stocks) and on April 30/2003 contribution was increased by US $2,849,980 (Dollars) by the conversion of 102,739 stocks.

The investment in Occidental Bank Barbados Ltd. was acquired on June 23/2006 by the Bank via merger with Banco Unión Colombiano S.A., corresponding to an investment of US $ 3,295,000 (dollars) equivalent to 659 stocks US $ 100 (dollars) and on June / 2009 capitalized by US $2.425.000 (dollars) corresponding to 485 stocks

The investment in Occidental Bank Barbados Ltd. was acquired on June 23/2006 by the Bank, via merging with Banco Unión Colombiano S.A., corresponding to and investment for US $ 3.295.000 (dollars) equivalent to 659 stocks for US $ 100 (dollars) par value and on June 2009 was capitalized in US $2.425.000 (dollars) corresponding to 485 stocks

On December 31, 2014 and June 30, 2014 under solvency risk, the Bank was rated "A" in investments available for sale in certificates of participation.

In connection with rating of certificates of indebtedness, and according to the provisions in the Chapter I of Basic Accountant and Financial Circular 100/1995 issued by Colombia Finance Superintendence, the certificates of indebtedness were evaluated and rated under credit risk. From the total certificates of indebtedness belonging to Banco de Occidente portfolio, excluding mandatory investments, 90% of such certificates are invested in Certificates of the Issuer Nation Colombia., inter alia.

Related to portfolio securities qualification, 90% is under the highest credit qualifications (Free Risk and AAA) while securities with qualification different from AAA represent only 10%.

In the legal and credit risk evaluation on December 31 and June 30, 2014, it was determined that the Bank did not require the constitution of provisions.

December 31, 2014

Investment Maturity

	Until 1 year	**From 1 and 3 years**	**From 3 and 5 years**	**More than 5 years**	**Total**
Negotiable (Certificates of indebtedness and transfer rights)	325.905	397.304	106.573	117.623	947.405
Maintain up to maturity	626.334	5.360	-	-	631.694
Available for sale in Certificates of Debt (Certificates of indebtedness, rights of transfer and given in guarantee in operations with derivative instruments)	319.356	1.439.255	453.088	1.176.454	3.388.153
	$ 1.271.595	**1.841.919**	**559.661**	**1.294.077**	**4.967.252**

June 30, 2014

Investment Maturity

	Until 1 year	**From 1 and 3 years**	**From 3 and 5 years**	**More than 5 years**	**Total**
Negotiable (Certificates of indebtedness and transfer rights)	297.803	247.284	32.496	196.101	750.684
Maintain up to maturity	627.149	33.671	-	-	660.820
Available for	274.062	740.572	405.792	759.576	2.180.002

June 30, 2014

Investment Maturity

	Until 1 year	From 1 and 3 years	From 3 and 5 years	More than 5 years	Total
sale in Certificates of Debt (Certificates of indebtedness, rights of transfer and given in guarantee in operations with derivative instruments)					
	$ 1.199.014	**998.527**	**438.288**	**955.677**	**3.591.506**

Portfolio maximum, minimum and mean values

December 31, 2014				
		Average Balance	**Maximum Balance**	**Minimum Balance**
Salable	$	870.823	987.103	774.731
Up to Maturity	$	611.185	632.335	617.130
Available for sale Certificates of Debt	$	2.796.996	3.227.772	2.336.584

Portfolio maximum, minimum and mean values

June 30, 2014				
		Average Balance	**Maximum Balance**	**Minimum Balance**
Salable	**$**	616.959	712.542	516.248
Up to Maturity	**$**	628.502	664.657	547.326
Available for sale Certificates of Debt	**$**	1.796.385	2.168.087	1.512.455

The average of investment in the second half-year 2014 was $4.279.004, reaching the ceiling on December for $4.847.209, and the floor on July by $3.728.444

The average of investment in the first half-year 2014 was $3.041.846, reaching the ceiling on June for $3.542.121, and the floor on January by $2.758.099.

(8) Credit Portfolio and Capital Lease Operations

Below portfolio and Capital Lease operations itemized by credit modality:

		Dec 31, 2014	**Jun. 30-14**
Ordinary Loans	$	14.654.824	14.250.581
Loans with resources from other entities		461.072	416.591
Factoring without resource		49	59
Letter of Credit Covered		76.749	60.857
Overdrafts in Bank current account		63.008	120.828
Discounts		101.415	68.204
Credit Card		1.067.587	952.342
Mortgage housing portfolio		134.281	70.929
Movable goods given in leasing		2.519.118	2.494.328
Immovable goods given in leasing		1.806.020	1.953.149
Covered Banking acceptances		1.675	-
Total by Modality	**$**	**20.885.798**	**20.387.868**

Portfolio Maturity

The following is the detail of credit portfolio by maturity period according to the expected flows for the range zero (0) – three hundred sixty (360) days and more, as per medium-term liquidity qualification risk:

		Dec 31, 2014	Jun. 30-14
Commercial			
Up to 1 year	$	8.317.765	8.455.879
Between 1 to 3 years		3.935.794	3.932.297
Between 3 and 5 years		1.599.372	1.557.666
More than 5 years		1.629.760	1.599.839
Total Commercial	**$**	**15.482.691**	**15.545.681**
Consumption			
Up to 1 year	$	1.554.436	1.489.598
Between 1 to 3 years		2.226.906	1.976.215
Between 3 and 5 years		1.234.758	1.055.190
More than 5 years		252.726	250.255
Total Consumption	**$**	**5.268.826**	**4.771.258**
Housing			
Up to 1 year		9.535	4.930
Between 1 to 3 years		19.003	9.854
Between 3 and 5 years		18.818	9.839
More than 5 years		86.925	46.306
Total Housing		**134.281**	**70.929**
Total Portfolio Maturity	**$**	**20.885.798**	**20.387.868**

Below portfolio and Lease operations itemized per economic destination

		Dec 31, 2014	% Parti.	Jun 30, 2014	% Part.
Salaried	$	4.191.766	20,07%	3.986.423	19,55%
Wholesale trade and auto motor vehicles		2.059.651	9,86%	1.990.748	9,76%
Transport-related activities Cargo, passenger, other)		1.837.673	8,80%	1.767.060	8,67%
Other activities and consumption credit - Other		1.537.617	7,36%	1.665.921	8,17%
Construction		1.386.768	6,64%	1.194.451	5,86%
Other business activities		1.276.026	6,11%	1.296.199	6,36%
Public and defense, social security administration		1.008.040	4,83%	883.559	4.33%
Social health and educational services		952.914	4,56%	939.570	4,61%
Annuitant of capital		955.141	4,57%	542.231	2,66%
Activities related to financial sector		908.097	4,35%	999.262	4,90%
Agriculture, Livestock, hunting and related activities of services		725.983	3,48%	951.435	4,67%
Detail commerce		634.557	3.04%	721.798	3,54%
Manufacture of chemical, rubber and plastic substance / products		565.988	7,71%	586.607	2,88%
Activities of service, real estate, entrepreneurial and rent		587.781	2,81%	570..994	2,80%
Manufacture of food and beverage products		553.109	2,65%	512.279	2,51%
Extraction of crude and natural gas		467.757	2,24%	555.144	2,72%
Manufacture of basic metallurgic products, non-metal and other products		425.877	2,04%	438.573	2,15%
Manufacture of clothing and fur garment – Textile sector		380.149	1,82%	353.321	1,73%
Generation, capture and distribution of electric, gas energy		234.057	1,12%	234.995	1,15%
Entertainment activities and other cultural activities		182.960	0,88%	185.262	0,91%
Hotels, restaurants, bars and the like		8.056	0,04%	7.991	0,04%
Forestry, Wood extraction and activities of connected services		5.831	0,03%	4.045	0,02%
Total per economic destination	**$**	**20.885.798**	**100,00%**	**20.387.868**	**100%**

Portfolio and Capital Lease Operations per Modality and Qualification

The result of risk rating with the constitution of capital, interest and provisions, is as follows:

		December 31, de 2014				
Risk Category		**Capital**	**Interest**	**Provision Capital**	**Provision Interest**	**Security**
Commercial	**$**					
Category A Normal		14.302.577	83.701	229.950	1.395	3998018
Category B Acceptable		602.848	6.743	24.416	1.268	241.507
Category C Appreciable		233.830	5.915	27.535	3.690	67.210
Category D Significant		254.479	10.259	133.184	9.882	69.231
Category E Unrecoverable		88.957	3.728	77.790	3.425	20.614
Subtotal Commercial		**15.482.691**	**110.346**	**492.875**	**19.660**	**4.396.580**
Consumption						
Category A Normal		4.890.715	45.415	131.758	1.421	1.609.823
Category B Acceptable		125.989	3.060	13.109	549	41.274
Category C Appreciable		82.944	2.158	15.288	1.636	32.241
Category D Significant		108.658	3.445	80.222	3.337	49.969
Category E Unrecoverable		60.520	1.720	56.491	1.704	13.541
Subtotal Consumption		**5.268.826**	**55.798**	**296.868**	**8.647**	**1.746.848**
Housing						
Category A Normal		134.039	445	1.340	4	134.072
Category B Acceptable		122	4	4	4	123
Category C Appreciable		120		12		120
Subtotal Housing		**134.281**	**449**	**1.356**	**8**	**134.315**
General Provision l		-	-	**1.343**	-	-
Total per Modality	**$**	**20.885.798**	**166.593**	**792.442**	**28.315**	**6.277.743**

		June 30, de 2014				
Risk Category		**Capital**	**Interest**	**Provision Capital**	**Provision Interest**	**Security**
Commercial	**$**					
Category A Normal		14.427.513	88.897	232.021	1.561	3.751.308
Category B Acceptable		611.824	9.308	26.444	1.111	222.796
Category C Appreciable		215.273	7.429	26.695	3215	77.194
Category D Significant		202.144	8.468	105.561	8.080	54.658
Category E Unrecoverable		88.927	3.247	77.894	3.190	22.728
Subtotal Commercial		**15.545.681**	**117.349**	**468.615**	**17.157**	**4.128.684**
Consumption						
Category A Normal		4.413.298	46.670	118.754	1.369	1.484.346
Category B Acceptable		124.997	3.118	13.259	506	38.462
Category C Appreciable		74.614	2.033	13.704	1.409	31.008
Category D Significant		103.269	3.210	75.022	3.078	47.222
Category E Unrecoverable		57.080	1.784	53.315	1.767	13.188
Subtotal Consumption		4.771.258	56.815	274.054	8.128	1.614.226
Housing						
Category A Normal		70.804	343	708	3	70.827
Category B Acceptable		125	-	4	-	125
Subtotal Housing		**70.929**	**343**	712	**3**	**70.952**
General Provision l		**-**	**-**	**709**	**-**	**-**
Total per Modality	**$**	**20.387.868**	**174.507**	**744.090**	**25.288**	**5.813.862**

Portfolio and Capital Lease Operations per Geographic Zone

		December 31, 2014				
		Capital	**Interest**	**Provision Capital**	**Provision Interest**	**Security**
Commercial Region	**$**					

		December 31, 2014				
		Capital	Interest	Provision Capital	Provision Interest	Security
Southwest Region		2.764.536	19.521	92.953	2.984	746.798
Bogotá Region		7.537.949	52.697	226.574	8.857	2.225.714
Northwest Region		2.421.014	16.192	68.147	2.519	559.918
North Region		2.684.227	20.170	98.584	4.761	864.150
Credencial		74.965	1.766	6.617	539	
Subtotal Commercial		**15.482.691**	**110.346**	**492.875**	**19.660**	**4.396.580**
Consumption						
Southwest Region		968.685	9.433	52.102	1.391	292.862
Bogotá Region		1.641.385	15.404	86.486	2.712	775.274
Northwest Region		682.380	6.243	34.997	838	297.009
North Region		983.754	10.918	62.563	2.037	381.703
Credencial		992.622	13.800	60.720	1.669	-
Subtotal Consumption		**5.268.826**	**55.798**	**296.868**	**8.647**	**1.746.848**
Housing						
Southwest Region	$	20.326	72	203	1	20.334
Bogotá Region		80.132	267	815	6	80.149
Northwest Region		24.660	75	247	1	24.666
North Region		9.163	35	92		9.166
Total		**134.281**	**449**	**1.356**	**8**	**134.315**
General Provision		-	-	**1.343**	-	-
Total per Geographic Zone	**$**	**20.385.798**	**166.593**	**792.442**	**28.315**	**6.277.743**

		June 30, 2014				
		Capital	Interest	Provision Capital	Provision Interest	Security
Commercial Region	**$**					
Southwest Region		2.669.409	21.433	89.323	2.812	706.328
Bogotá Region		7.518.076	55.776	216.730	7.227	2.029.578
Northwest Region		2.561.901	16.084	64.402	2.096	489.170
North Region		2.726.347	22.173	92.030	4.424	903.608
Credencial		69.948	1.883	6.130	598	-
Subtotal Commercial		**15.545.681**	**117.349**	**468.615**	**17.157**	**4.128.684**
Consumption						
Southwest Region		860.205	9.033	47.678	1.284	265.500
Bogotá Region		1.496.649	15.615	79.996	2.438	709.035
Northwest Region		631.940	6.583	32.538	853	281.559
North Region		900.000	10.954	59.023	1.892	358.132
Credencial		882.394	14.630	54.819	1.661	-
Subtotal Consumption		**4.771.258**	**56.815**	**274.054**	**8.128**	**1.614.226**
Housing						
Southwest Region	$	9.968	52	100	1	9.973
Bogotá Region		46.823	220	471	2	46.836
Northwest Region		9.809	43	98	-	9.812
North Region		4.329	28	43	-	4.331
Total		**70.929**	**343**	**712**	**3**	**70.952**
General Provision		-	-	709	-	-
Total per Geographic Zone	**$**	**20.387.868**	**174.507**	**744.090**	**25.288**	**5.813.862**

Portfolio and Financial Leasing Operation by Currency

		December 31, 2014		
Per Currency		**Legal Tender**	**Foreign Currency**	**Total**
Commercial	**$**	14.034.640	1.448.051	15.482.691
Consumption		5.223.219	45.607	5.268.826

Housing		134.2819	-	134.281
Total per Currencies	**$**	**19.392.140**	**1.493. 658**	**20.885.798**

Portfolio and Financial Leasing Operation by Currency

		June 30, 2014		
Per Currency		**Legal Tender**	**Foreign Currency**	**Total**
Commercial	**$**	14.373.139	1.172.542	15.545.681
Consumption		4.737.203	34.055	4.771.258
Housing		70.929	-	70.929
Total per Currencies	**$**	**19.181.271**	**1.206.597**	**20.387.868**

Restructuring, Covenants and Agreement

December 31, 2014

	Number	Capital	Interest	Provision	Security
Commercial	**475**	**290.375**	**1.914**	**79.473**	**202.275**
Act 116	21	19.155	89	8.548	3.287
Act 550	4	21.422		625	21.421
Act 617	4	33.067	230	1.003	31.067
Ordinary	446	216.731	1.595	69.297	146.500
Consumption	**2.958**	**32.617**	**737**	**25.558**	**11.074**
Creditors' composition	2.958	32.617	737	25.558	11.074
Total restructuring and agreements	**3.433**	**322.992**	**2.651**	**105.031**	**213.349**

June 30, 2014

	Number	Capital	Interest	Provision	Security
Commercial	**473**	**$ 273.381**	**1.482**	**78.863**	**190.635**
Act 116	31	37.046	93	18.202	16.283
Act 550	5	23.559	-	798	.403
Act 617	4	38.243	260	1.029	35.296
Ordinary	433	174.533	1.129	58.834	115.653
Consumption	**3.053**	**32.356**	**821**	**24.625**	**11.576**
Ordinary	3.053	32.356	821	24.625	11.576
Total restructuring and agreements	**3.526**	**$ 305.737**	**2.303**	**103.488**	**202.211**

Restructuring, Covenants, and Agreement with Creditors by its Risk Qualification

		December 31, 2014			
Category of Risk	**Number**	**Capital**	**Interest**	**Provision**	**Security**
Commercial	**475**	**$ 290.375**	**1.914**	**79.473**	**202.275**
Category A Normal	12	34.858	274	104	28.465
Category B Acceptable	52	67.707	86	3.271	56.598
Category C Appreciable	58	87.349	294	9.323	57.881
Category D Significant	239	55.287	877	26.782	57.881
Category E Unrecoverable	114	45.174	383	39.993	25.652
Consumption	**2.958**	**32.617**	**737**	**25.558**	**11.074**
Category A Normal	358	2.498	46	132	705
Category B Acceptable	68	444	14	71	67
Category C Appreciable	204	1.380	24	270	855
Category D Significant	710	10.502	241	7.713	6.304
Category E Unrecoverable	1.618	17.793	412	17.372	3.143
Total Restructuring, Covenants & Agreement with Creditors	**3.433**	**$ 322.992**	**2.651**	**105.031**	**213.349**

June 30, 2014

Category of Risk	Number	Capital	Interest	Provision	Security
Commercial	**473**	**$ 273.381**	**1.482**	**78.863**	**190.635**
Category A Normal	16	32.872	316	61	28.710
Category B Acceptable	48	79.236	149	3.850	65.497
Category C Appreciable	40	72.682	181	7.575	46.299
Category D Significant	239	31.951	309	16.936	21.917
Category E Unrecoverable	130	56.640	527	50.441	28.212
Consumption	**3.053**	**3.053**	**821**	**24.625**	**11.576**
Category A Normal	366	2.302	45	125	650
Category B Acceptable	131	978	24	182	85
Category C Appreciable	184	1.413	28	276	866
Category D Significant	1.104	13.391	311	10.194	6.833
Category E Unrecoverable	1.268	14.272	413	13.848	3.142
Total Restructuring, Covenants & Agreement with Creditors	**3.526**	**$ 305.737**	**2.303**	**103.488**	**202.211**

Restructuring, Agreements and Arrangement with Creditors per Geographic Zone

		December 31, 2014			
Category of Risk	**Number**	**Capital**	**Interest**	**Provision**	**Security**
Commercial	**475**	**$ 290.375**	**1.914**	**79.473**	**202.275**
Southwest Region	113	68.077	432	22.727	53.135
Bogotá Region	160	119.122	634	33.494	81.009
Northwest Region	87	33.487	239	6.534	23.029
North Region	106	69.637	608	16.681	45.102
Credencial	9	52	1	37	-
Consumption	**2.958**	**32.617**	**737**	**25.558**	**11.074**
Southwest Region	405	5.628	119	4.198	1.601
Bogotá Region	447	7.271	180	5.622	2.803
Northwest Region	336	5.034	97	3.977	1.233
North Region	662	10.429	272	7.849	5.437
Credencial	1.108	4.255	69	3.912	-
Total Restructured per Geographic Zone	**3.433**	**$ 322.992**	**2.651**	**105.031**	**213.349**

Restructuring, Agreements and Arrangement with Creditors per Geographic Zone

		June 30, 2014			
Category of Risk	**Number**	**Capital**	**Interest**	**Provision**	**Security**
Commercial	**473**	**$ 273.381**	**1.482**	**78.863**	**190.635**
Southwest Region	122	62.134	427	19.619	52.175
Bogotá Region	160	125.999	466	41.985	75.084
Northwest Region	83	30.813	176	4.410	21.179
North Region	101	54.403	411	12.824	42.197
Credencial	7	32	2	25	-
Consumption	**3.053**	**32.356**	**821**	**24.625**	**11.576**
Southwest Region	419	5.123	121	3.580	1.727
Bogotá Region	546	8.929	245	6.687	3.640
Northwest Region	309	3.423	80	2.506	804
North Region	716	11.307	319	8.552	5.405
Credencial	1.063	3.574	56	3.300	-
Total Restructured per Geographic Zone	**3.526**	**$ 305.737**	**2.303**	**103.488**	**202.211**

Restructuring, Agreement and Arrangement with Creditors per Currency

		December 31, 2014	**Jun 30, 2014**
		Legal Tender	Legal Tender
Commercial	$	290.375	273.381
Consumption		32.617	32.356

Total per Currency	$	322.992	305.737

Portfolio Sale/Purchase

Below the detail of purchase and sales of portfolio, spot and firm

		December 31, 2014	Jun 30, 2014
Purchases	$	75	46
Sales		25.695	22.453
Sale of written-off portfolio		1.308	195.107

Portfolio interest rate

Average weighted effective interest rate of credit portfolio is the following:

	Dec 31, 2014	Jun 30, 2014
Legal Tender	10.82%	10.00%
Foreign Currency	2,51%	2.76%

Provision for Credit Portfolio and Capital Lease Operations

The movement of Portfolio and Financial Leasing Operations for semesters ended on December 31 and June 30, 2014, by modality are as follows:

		Commercial	Consumption	Housing	General Provision	Total Provision
Balance portfolio provision December 31, 2013	**$**	**441.792**	**256.046**	**324**	**321**	**698.483**
Plus:						
Provision charged to expense		176.951	191.709	411	388	369.459
Less:						
Written-off Loans		(23.658)	(91.954)	-	-	(115.612)
Reimbursement of provisions		(126.470)	(81.747)	(23)	-	(208.240)
Balance Portfolio Provision June 30, 2014	**$**	**468.615**	**274.054**	**712**	**709**	**744.090**
Plus:						
Provision charged to expense (1)		215.682	216.958	701	634	433.975
Less:						
Written-off Loans		(59.306)	(106.106)	-	-	(165.412)
Reimbursement of provisions		(132.115)	(88.039)	(57)	-	(220.211)
Balance portfolio provision December 31, 2014		**492.876**	**296.867**	**1.356**	**1.343**	**792.442**

(1) As of December 31 / 2014, Banco de Occidente made additional portfolio provisions for $9.425 net, corresponding to leasing operations; such situation due to an event after the closing on December 31, 2014 resulting from the requirement made by Colombia Finance Superintendence in the writing communication 2015001587-000-000 of January 8/2015, whereby the Bank was required to make reclassification of some guarantees of goods given in Leasing according to the requirements of valuation of External Circular Letter 043 2011, to the PDI category PDI of “No Admission of goods given in Leasing the valuation of which was not made according to provisions in External Circular Letter 043 of October 6/2011.

Taking into account above, the Bank made the reclassification of goods with effect on the results of December 2014, considering the type of guarantee, its coverage and the date of the existing appraisals, for 3.446 Leasing operations which guarantees were reclassified as “Unsuitable”.

Individual Contra-Cyclic Component

Contra-Cyclic Individual Component		December 31, 2014 Commercial	Consumption	Housing	Total
Procyclic Individual Provision	$	385.236	220.132	1.356	606.724
Contra-Cyclic Individual Provision		107.639	76.736	-	184.375
Contra-Cyclic Individual Provision	**$**	492.875	296.868	1.356	791.099
General Provision		-	-	1.343	1.343
General Total				**$**	**792.442**

Contra-Cyclic Individual Component		June 30, 2014 Commercial	Consumption	Housing	Total
Procyclic Individual Provision	$	360.778	204.114	712	565.604
Contra-Cyclic Individual Provision		107.837	69.940	-	177.777
Contra-Cyclic Individual Provision	**$**	**468.615**	**274.054**	**712**	**743.381**
General Provision		**-**	**-**	**-**	**709**
General Total				**$**	**744.090**

(9) Bank Acceptances and Derivatives

Bellow acceptances and derivatives itemized:

Bank Acceptances **Active**		**Dec 31, 2014**	**Jun. 30-14**
Under term	$	22.512	21.682
Passive			
Under term	$	22.512	21.682
After term		17	17
	$	**22.529**	**21.699**

Net Derivatives (Asset – Liabilities)		December, 2014 **Asset**	**Liabilities**	**Net**
Contractors forward of adventures				
Sale rights on peso/dollar currency		494.115	(1.976.706)	2.470.822
Purchase Obligations on peso/dollar currency		(1.898.005)	627.765	(2.525.770)
		(1.403.890)	**(1.348.942)**	**(54.949)**
Forward Contract of M/E Coverage				
Purchase rights on peso/dollar currency		2.098.679	(619.911)	2.718.590
Rights in purchase on foreign currencies other than peso /dollar		-	(84.374)	84.374
Sale rights on currency other than peso/dollar		2.619	-	2.619
Obligations of sale of currency peso/dollar		(488.478)	2.179.339	(2.667.817)
Obligations of sale on currency peso/dollar		-	85.893	(85.893)
Obligations for sales of currency other than peso/dollar		(2.521)	-	(2.521)
		(1.610.298)	**(1.560.946)**	**(49.353)**
Futures Contracts				
Sale rights on currency	$	-	(660.083)	660.083
Purchase rights on currency		479.069	-	479.069
Rights of sale for securities		5.125	-	5.125
Purchase obligations on currency		-	660.498	(660.498)
Obligations for purchase of currency		(479.069)	-	(479.069)
Obligations for sale of securities		(5.125)	-	(5.125)
		$ -	**415**	**(415)**
Swaps				
Rights for sale of foreign currency	$	21.567	(51.668)	73.234
Rights over Interest Rate		316.328	(332.031)	648.358

Obligations on foreign currency		(17.428)	62.756	(80.184)
Obligations over interest rate		(316.319)	332.041	(648.360)
		4.147	**11.099**	**(6.952)**
Options				
Call on Foreign Currency	$	16.590	12.633	3.958
Put on foreign currency		208	793	(585)
	$	**16.798**	**13.425**	**3.373**
Total Operations with financial instruments derivatives	$	**227.353**	**236.943**	**(9.590)**

Net Derivatives (Asset – Liabilities)		**June 30, 2014**		
		Asset	**Liabilities**	**Net**
Spot Operations		(7)	-	(7)
Contractors forward of adventures				
Sale rights on peso/dollar currency		2.511.495	(32.649)	2.544.144
Purchase Obligations on peso/dollar currency		(64.472)	2.027.491	(2.091.963)
		2.447.023	**1.994.842**	**452.181**
Forward Contract of M/E Coverage				
Purchase rights on peso/dollar currency		64.572	(1.983.353)	2.047.925
Sale rights on currency other than peso/dollar		7.707	(208)	7.915
Sale obligations on peso/dollar currency		(2.433.443)	32.689	(2.466.132)
Obligations for sales of currency other than peso/dollar		(7.686)	208	(7.894)
		(2.368.850)	**(1.950.664)**	**(418.186)**
Futures Contracts				
Sale rights on currency		384.431	(37.794)	422.225
Purchase rights on currency		37.669	(671.474)	709.143
Rights of sale for securities		5.101	-	5.101
Purchase obligations on currency		(384.380)	37.794	(422.173)
Obligations for purchase of currency		(37.669)	671.474	(709.144)
Obligations for sale of securities		(5.101)	-	(5.101)
		$ 51	**-**	**51**
Swaps				
Rights for sale of foreign currency		47.783	-	47.783
Rights over Interest Rate		150.543	(81.324)	231.867
Obligations on foreign currency		(46.335)	-	(46.335)
Obligations over interest rate		(150.511)	81.341	(231.852)
		1.480	**17**	**1.463**
Options				
Call on Foreign Currency	$	592	429	163
Put on foreign currency		1.538	911	627
	$	**2.130**	**1.340**	**790**
Total Operations with financial instruments derivatives	$	**81.834**	**45.535**	**36.299**

(10) Accounts Receivable, Net

Below the detail of interest and other account receivable:

Interest:		**Dec 31, 2014**	**Jun. 30-14**
Interbank funds sold & Resale Agreements	$	61	526
Credit portfolio – Housing		449	343
credit portfolio - Commercial and consumption		146.547	148.240
Financial component Leasing operations		19.597	25.924
Other Interests		6.074	6.179
	$	**172.728**	**181.212**
Commissions and Fees		3.864	4.131
Payment per Customer Account			
Consumption	$	15.171	14.688
Commercial		13.409	10.731

Housing		34	23
Other		370	418
	$	**28.984**	**25.860**
Lease Fees for Property Given in Operational Leasing		**14.572**	**15.609**
Other Account receivable			
Dividends	$	8.594	10.675
Rent		167	150
Sale of goods and services		2.979	1.197
Promisor Sellers		0	9.448
Advances of contracts and suppliers		365.641	302.772
Advances to personnel		170	156
Shortage of cash		41	73
Shortage of swaps		268	566
Claims to insurance companies		3.202	2.673
Other sundry debtors:			
Servibanca and other networks		10.907	12.994
Debit Card saving & current transactions pending to apply		1.355	24
Returns insurance company and leasing junking		1.451	731
Ci coprucol Ltda. Restructuration agreement		741	273
Dian – Credit balance Self-withholdings 2014		273	-
Credencial Devolutions		31.721	94
Disabilities		98	748
Internal Sales – Credencial		922	6
Master Card F/C		55	190
		129	2.221
Master Card pending drafts		2.307	770
In-process Credencial Operations		2.981	8.791
Undelivered Forward		14.432	111
Forward through counterpart Central Risk Chamber		2.295	905
Motorbike collections		1.288	3.681
Other		6.284	7.066
	$	**458.301**	**366.315**
Provision to Accounts Receivable:			
Provision for trade accounts receivable		(28.118)	(23.315)
Provision for consumption accounts payable		(10.876)	(10.271)
Provision for housing accounts receivable		(8)	(4)
Other provisions for accounts receivable		(4.242)	(6.587)
Provision for individual contra-cyclic component accounts receivable		(1.672)	(1.897)
Provisions for accounts receivable	**$**	**(44.916)**	**(42.074)**
Total Accounts Receivable		**633.533**	**551.053**

(1) At the closing December 31, 2014 99% corresponds an advances made to suppliers of goods to place in leasing contracts; the most representative suppliers is Empresa de Energía del Pacífico S.A. - E.P.S. with 57% participation over the total balance of the account.

The movement of provision of receivable account for the 6 months period ended on December 31 and June 30, 2014 was as follows:

		Dec. 31, 2014	**June 30, 2014**
Initial balance	$	**42.074**	**37.708**
provisions charged to		35.521	31.227
Operative Risk Reclassification		335	74
Other Reimbursement to contra-cyclic provision		(1.489)	(1.174)
Recoveries		(11.376)	(9.572)
Writing-off		(20.148)	(16.189)
Closing balance		**44.916**	**42.074**

(11) Goods Received in Payment and Returned Goods

The detail of goods received is as following:

Goods delivered back from leasing contracts					
Movable Goods:		**Jun 30, 2014**	**Additions and Other**	**Punishment and Other**	**December 31, 2014**
Machinery & Equipment	$	1.122	703	(181)	1644
Vehicles		977	2.940	(1.953)	1.964
Furniture and Fixture		-	151	(151)	-
Computing Equipment		-	1	(1)	-
Immovable Property:					
Immovable Property, Others (1)		15.312	7.231	(2.030)	20.2013
Immovable property Housing Leasing		3.554	999	(424)	4.129
	$	**20.965**	**12.025**	**((4.740)**	**28.250**
Goods received in payment					
Immovable property for housing	$	-	114	-	114
Immovable property other		25.042	1.861	(4.655)	22.248
Movable goods		597	-	(265)	332
		25.639	**1.975**	**(4.920)**	**22.694**
Sub Total		**46.604**	**14.000**	**(9.660)**	**50.944**
Provision		**(27.945)**	**2.975**	**(5.644)**	**(30.614)**
Total Goods Delivered Back and Received in Payment		**18.659**	**16.975**	**(15.304)**	**20.330**

(1) The item additions in Immovable Property corresponds to the receipt of goods delivered back in the leasing operation

The following composition of goods received in payment and goods delivered back according to the time possession:

December 31, 2014

		Immovable		Movable		Securities		Total	
Time of possession		Cost	Provision	Cost	Provision	Cost	Provision	Cost	Provision
Up to 1 year	$	8.992	1.267	2.305	375	-	-	11.297	1.642
From 1 to 3 years		23.598	15.103	516	328	-	-	24.114	15.431
From 3 to 5 years		7.500	6.321	449	447	-	-	7.949	6.768
More than 5 years		6.914	6.103	340	340	330	330	7.584	6.773
Total	**$**	**47. 004**	**28.794**	**3.610**	**1.490**	**330**	**330**	**50.944**	**30.614**

June 30, 2014

		Immovable		Movable		Securities		Total	
Time of possession		Cost	Provision	Cost	Provision	Cost	Provision	Cost	Provision
Up to 1 year	$	11.993	3.304	1.005	369	-	-	12.998	3.693
From 1 to 3 years		22.837	14.986	585	278	-	-	23.422	15.264
From 3 to 5 years		1.900	1.575	661	646	-	-	2.561	2.221
More than 5 years		7.180	6.324	113	113	330	330	7.623	6.767
Total	**$**	**43.910**	**26.189**	**2.364**	**1.426**	**330**	**330**	**46.604**	**27.945**

The movements of provisions of marketable goods received in payment and delivered back during the semesters were the following:

		Dec. 31, 2014	June 30, 2014
Initial balance	**$**	**27.945**	**27.262**
Provision charged to expense		4.531	5.904
Recoveries		(1.862)	(4.311)
Writing downs		-	(910)

Closing balance	**30.614**	**27.945**

(12) Property, Equipment and Goods given on Lease

Below the detail for Property and Equipment:

		Balance to Jun. 30-14	Purchase, and/or additions	Sale of withdrawals and written-off	Balance to December-14
Non-depreciable					
Land	$	20.620	1.354	-	21.974
Imports in Progress		75.227	203.324	(190.648	87.903
Constructions in Progress		38.824	15.503	(11.698)	42.629
Total non-depreciable	**$**	**134.671**	**220.181**	**(202.346)**	**152.506**
Depreciable					
Buildings & Warehouses		191.841	11.297	(45)	203.093
Equipment, office furniture and fixture		44.551	10.458	(837)	54.172
Computing Equipment		127.679	8.759	(3.743)	132.695
Vehicles		1.377	443	(219)	1.601
Total depreciable $	**$**	**365.448**	**30.957**	**(4.844)**	**391.561**
Cumulated Depreciation		(275.495)	8.284	(17.267)	(284.478)
Provision		(73)	22	(20)	(71)
Net Property and Equipment		**(275.568)**	**8.306**	**(17. 287)**	**(284.549)**
Deferred depreciation					
Excess Fiscal over Accounting		27.759	3.044	(3.631)	27.172
Total property and equipment, net	**$**	**252.310**	**262.488**	**(228.108)**	**286.690**

The detail of accumulated depreciation of Property & Equipment is as follows:

		Balance to Jun. 30-14	Written-off sales & withdrawals	Depreciation charged to expenses	Balance to December 31-14
Buildings & Warehouses	$	(150.001)	3.547	(8.321)	(154.775)
Furniture & Fixture		(31.353)	891	(1.912)	(32.374)
Computing equipment		(93.381)	3.724	(6.918)	(96.575)
Vehicle		(760)	122	(116)	(754
	$	**(275.495)**	**8.284**	**(17. 267)**	**(284.478)**

The detail of Property and Equipment Provision is as follows:

		Balance to Jun. 30-14	Written-off sales & withdrawals	Depreciation charged to exp	Balance to December 31-14
Asset					
Buildings	$	(73)	22	(20)	(71)
Total Depreciation	**$**	**(73)**	**22**	**(20)**	**(71)**

Below the detail of goods given in operative leasing:

		Balance to Jun. 30-14	Purchase and/or Additions	Sales, withdrawals and written-off	Balance to December 31-14
Machinery & Equipment	$	127.098	20.617	(9.656)	138.059
Vehicles		75.220	3.912	(1.930)	77.202

Computing equipment		277.205	35.582	(56.593)	256.194
Computer Software		119.372	3.832	(9.627)	113.577
Furniture and Fixture		68.153	6.065	(7.785)	66.433
Immovable Property		24.934	-	-	24.934
	$	**691.982**	**70.008**	**(85.591)**	**676.399**
Cumulated depreciation		(289.696)	141.903	(159.030)	(306.823)
Provision for goods given in operative leasing		(5.659)	11.384	(15.411)	(9.686)
	$	**(295.355)**	**153.287**	**(174 .441)**	**(316.509)**
Total property given in operative leasing, net:	**$**	**396.627**	**223.295**	**(260.032)**	**359.890**

Below cumulated depreciation of goods given in operative leasing**:**

		Balance to Jun. 30-14	**Written-off sales and withdrawals**	**Depreciation charged to expense and/or transfer residual Value**	**Balance to December 31-14**
Machinery and equipment	$	(39.774)	25.593	(35.166)	(49.347)
Vehicles		(18.726)	7.108	(13.841)	(25.459)
Computing equipment		(136.321)	68.246	(60.845)	(128.920)
Computer Software		(62.004)	24.227	(30.820)	(68.602)
Furniture & Fixture		(32.871)	15.160	(16.783)	(34.494)
Chattels		-	1.569	(1.569)	-
	$	**(289.696)**	**141.903**	**(159.030)**	**(306.823)**

Below de detail of cumulate provision of goods given in operative leasing:

		Balance to Jun. 30-14	**Written-off sales and withdrawals**	**Depreciation charged to expense and/or transfer residual Value**	**Balance to December 31-14**
CAT A Contra Cyclic Provision	$	(4.366)	2.846	(2.721)	(4.241)
CAT B Contra Cyclic Provision		(750)	1.644	(1.074)	(180)
CAT C Contra Cyclic Provision		(207)	1.504	(1.381)	(84)
CAT D Contra Cyclic Provision		(147)	215	(313)	(245)
CAT E Contra Cyclic Provision		(189)	5.175	(9.922)	(4.936)
	$	**(5.659)**	**11.384**	**(15.411)**	**(9.686)**

The detail of valuation is as follows:

Description	**Balance on Jun. 30/2014**	**Appraisal Amount**	**Valuation**
Land and Buildings	70.293	407.921	311.147

Description	**Balance on Jun. 30/2014**	**Appraisal Amount**	**Valuation**
Land & Buildings	62.460	396.103	306.705

All property and equipment of the Bank, as well as the property given in operative leasing are duly covered against fire, weak power, and other risks, by current insurance policies. The Bank holds insurance policies to cover its property and equipment for $614.590 and $574.590 at December 31, 2014 and June 30, 2014, respectively, covering theft, fire, lighting, explosion, earthquake, strike, riot and others

Bank's property, as well as goods given in leasing, have been appraised by independent technical appraisers for no less than three years term.

For immovable property, the Bank records valuations determined based on commercial appraisals made by expert technicians. Most of those appraisals of property shared with other entities, were made in 2011; the appraisals of the own property were made between 2011, 2012 and 2013.

The Bank appraisals of real estate during 2014, reached on December 31, 2014 $407.911; and on June 30. 2014 the appraisals reached de $396.103 at market price.

Over Bank' property and equipment there is no mortgages or pledges. On December 31, 2014 and June 30, 2014 the Bank has provisions to protect building's by $71 and $ 73.

(13) Prepaid Expenses, Deferred Charges and Other Asset

Below the detail of prepaid expense and deferred charges:

		Balance to Jun 30, 2014	Additions	Amortization	Balance to December, 2014
Prepaid Expenses:					
Interest	$	555	5	(239)	321
Insurance		1.064	-	(1.064)	-
Other		1.247	8.021	(5.724)	3.545
	$	2.866	8.026	(7.027)	3.866
Deferred Charges:					
Organization & Preoperative		3.307	2.708	(1.789)	4.225
Rebuilding		525	440	(514)	452
Studies and Projects		82.913	32.284	(12.864)	102.332
Computer Software		727	1.397	(1.964)	161
Stationery		283	401	(681)	3
Improvement leased property		4.057	4.737	(2.438)	6.356
Deferred income tax		2.136	6.398	(2.319)	6.215
Patrimony Tax		17.066	157	(17.066)	157
Property Tax		1.182	-	(1.339)	(157)
Contributions & Affiliations		-	3.641	(3.641)	-
Other deferred charges		1.231	30	(-)	1.261
Total Deferred Charges		**11.427**	**52.193**	**(44.615)**	**121.005**
Total Prepaid Expenses and Deferred Charges	**$**	**116.293**	**60.219**	**(51.642)**	**124.871**

		Balance to Dec. 31-13	Additions	Amortization	Balance to Jun. 30-14
Prepaid Expenses:					
Interest	$	844	19	(308)	555
Insurance		-	2.058	(994)	1.064
Other		1.397	1.258	(1.408)	1.247
	$	2.241	3.335	(2.710)	2.866
Deferred Charges:					
Organization & Preoperative		1.717	2.894	(1.304)	3.307
Rebuilding		122	856	(453)	525
Studies and Projects		76.583	23.973	(17.643)	82.913
Computer Software		1.652	1.465	(2.390)	727
Stationery		468	375	(560)	283
Improvement leased property		2.712	3.292	(1.947)	4.057
Deferred income tax		2.842	738	(1.444)	2.136
Real Estate Tax		34.132	-	(17.066)	17.066
Property Tax		-	3.046	(1.864)	1.182
Contributions & Affiliations		-	1.231	(1.231)	-

Other deferred charges		1.193	38	-	1.231
Total Deferred Charges		**121.421**	**37.908**	**(45.902)**	**113427**
Total Prepaid Expenses and Deferred Charges	**$**	**123.662**	**41.243**	**(48.612)**	**116.293**

Intangible Assets – Mercantile Credit:
The following is mercantile credit derived from the taken over of Banco Unión Colombiano S.A:

Percentage acquired		**39.28%**
Date Purchased		**Jun de 2006**
Equity	$	32,796
Investment		74,731
Vr. Mercantile Credit		41,935
Cumulated Balance as of June 2014		21.919
Amortization II half-year 2014		852
Unamortized balance at June, 2014	**$**	**21.067**

Following the detail of mercantile credit initial distribution acquired to each business line and valuation as of September 30, 2013:

Mercantile credit to purchase Horizontes and subsequent increment in Porvenir participation

Allocation mercantile credit per line of business		**Value mercantile credit per line of business**	**Participation % in mercantile credit line**	**Sep 30-13 Line of Business Valuation Acquisition Banco Unión (COP rates)**		
				14,35%	**13,33%**	**12,31%**
Ordinary Portfolio	$	13,076	31%	88.331	97.658	109.060
Treasury Credit		12,044	29%	17.337	19.243	21.574
Undirected		4,074	10%	61.962	68.558	76.624
Vehicles		2,450	6%	52.860	58.537	65.483
Loans to personnel		3,887	9%	130.390	144.123	160.917
Credencial & Visa		1,372	3%	105.558	116.884	130.739
Crediunión plus		1,438	3%	-	-	-
Overdrafts Current Account		962	2%	16.217	17.869	19.887
Development Portfolio		247	1%	1.359	1.503	1.680
Debtor F/C Colombia		2,385	6%	2.818	3.126	3.504
	$	**41.935**	**100%**	**476.832**	**527.501**	**589.468**

Other Assets – Goods to Place in Leasing Contracts:

Below the detail:

New Good to be places:		**Dec. 31, 2014**	**Jun. 30-14**
Machinery and Equipment	$	20.424	16.654
Vehicles		21.732	26.911
Furniture and Fixtures		802	2.816
Computer Equipment		4.874	3.760
Software		2.056	1.300
Movable property		47.490	47.446
	$	**97.377**	**98.887**
Delivered back to be placed			
Machinery and Equipment		130	375
Vehicles		-	1.076
	$	130	1.451
Goods to Place in Leasing Contracts	**$**	**97.507**	**100.338**

Other Assets– Permanent Contributions and Others

		December 31-14	**Jun. 30-14**
Letters of Credit deferred payment	$	1.806	3.318
Loans to employees (1)		16.238	16.325
Species Valued		3	4

Art Work and Culture Goods		701	701
Trust Rights		2.929	2.420
Sundry:			
Income tax prepaid		-	41.343
Withholdings at source		-	55.542
Remittance in transit unconfirmed		338	16
Furniture and fixtures in warehouse		13	13
Commerce and Industry tax prepaid		8.072	7.627
Petit cash		26	32
Other		1.049	561
	$	**31.175**	**127.902**
Permanent Contribution		**449**	**397**
		31.624	**128.299**

(1) Classification of Credits to Employees:

		December 31, 2014		June 30, 2014	
Qualification		**Consumption**	**Provision**	**Consumption**	**Provision**
A	$	15.939	159	15.941	159
B		118	4	122	4
C		64	13	92	19
D		78	39	106	53
E		40	40	64	64
	$	**16.238**	**255**	**16.325**	**299**

Below the movement of provisions for other asset, six months operational periods::		**December 31-14**	**Jun. 30-14**
Initial balance	$	1.327	1.225
Provision charged to expenses		384	484
Reimbursement of provisions		(860)	(382)
Goods to Place in Leasing Contracts	**$**	**851**	**1.327**

(14) Deposits and Accountabilities

Comprised by Time Deposit Certificates and deposits and other payables.

Below the composition of Time Deposit Certificates (by placement term at the time of constitution):

Legal Tender:		**Dec.-31-14**	**Jun. 30-14**
Less than 6-month issued	$	2.671.571	1.487.568
Equal to 6-month and less than 12-month issued		265.082	804.319
Equal to 12-month and less than 18-month issued		92.874	99.224
Equal or more than 18-month issued		2.214.655	2.469.907
	$	**5.244.182**	**4.861.018**

Other deposits and payables in legal tender and foreign currency are itemized below:

Legal Tender:		**Dec. 31, 2014**	**Jun. 30-14**
Deposits and bank current accounts		5.714.323	4.810.692
Saving Deposits		9.127.976	9.857.874
Special Saving account		5.717	3.727
Trust Funds and especial accounts	$	7.801	8.670
Banks and correspondents		844	270
Especial deposits		79.600	24.853
Accountabilities for bank services		201.077	118.552
	$	**15.137.338**	**14.824.638**

Foreign Currency:

Deposits in Bank current accounts		12.041	7.669
Banks and correspondents		15.569	42.401
Payabilities for bank services		24.876	37.718
	$	**52.486**	**87.788**
		15.189.824	**14.912.426**
Total Deposits and payables		**20.434.006**	**19.773.444**

December 31, 2014

Maturity Liabilities and Payables		**Up to 1 year**	**Between 1 & 3 years**	**Between 3 & 5 years**	**More than 5 years**	**Total**
Time Deposit Certificates	$	3.007.559	1.431.572	8.041	797.010	5.244.182
Other deposits and Payables		15.189.824	-	-	-	15.189.824
	$	**18.197.383**	**1.431.572**	**8.041**	**797.010**	**20.434.006**

June 30, 2014

Maturity Liabilities and Payables		**Up to 1 year**	**Between 1 & 3 years**	**Between 3 & 5 years**	**More than 5 years**	**Total**
Time Deposit Certificates	$	2.365543	1.677.424	8.041	810.010	4.861.018
Other deposits and Payables		14.9112.426	-	-	-	14.9112.426
	$	**17.277.969**	**1.677.424**	**8.041**	**810.010**	**19.773.444**

On June 30 and December 31, 2014 the deposits in legal tender have and ordinary cash position as follows

	Cash position
Deposits and at sight and before 30-day payable	11,0%
Deposits of public national entities	11,0%
Deposits after 30-day payable	11,0%
Certificates of Time Deposit less than 540 days	4,5%
Ordinary saving deposits	11,0%
Savings time deposits	11,0%
Fiduciary deposits and creditors	11,0%
Bonds of general guarantee and other less than 540 days	4,5%
Commitments of negotiated investment repurchase and negotiated portfolio	11,0%

Under External Resolution Nº 11 dated October / 2008 the Board of Directors of the Central Bank, established an ordinary unique cash to credit entities over the amount of each type of call deposits in legal tender.

(15) Passive Positions in Monetary Market Operations and Related

Below the detail of passive positions in monetary and related market operations:

	June 30, 2014		**December 31, 2013**	
Legal Tender	Balance	Annual effective rate	Balance	Annual effective rate
Ordinary Interbank Funds purchased	40.000	4.45%		
Transfer commitments in open repo operations	-	-	$ 300.000	3.94%
Commitments originated in short-term positions simultaneous operations	-	-	19.456	-
Investment transfer commitments in simultaneous operations	127.882	2.29%	554	2.50%

	167.882		**$ 320.139**	
Foreign Currency				
Investment transfer commitments in simultaneous operations	$ 48.226	1.61%	$ 52.507	1,55%
Overnight operations	151.147	0.26%	310.689	0,26%
	199.373		**$363.196**	
	367.255		**$ 683.335**	

(16) Credits from Banks and other Financial Obligations

Below the detail in legal tender and foreign currency converted to legal tender:

December 31, 2014

Entity		**Short-term (1 year)**	**Long-Term (More than 1 year)**	**Total**
Banco de Comercio Exterior	$	94.845	159.306	254.151
Fondo para el Financiamiento del Sector Agropecuario FINAGRO		14.134	77.543	91.677
Financiera de Desarrollo Territorial S.A. FINDETER		36.925	242.063	278.988
Overseas Banks (1)		1.566.440	75.083	1.641.523
	$	**1.712.344**	**553.995**	**2.266.339**

June 30, 2014

Entity		**Short-term (1 year)**	**Long-Term (More than 1 year)**	**Total**
Banco de Comercio Exterior	$	113.403	186.224	299.627
Fondo para el Financiamiento del Sector Agropecuario FINAGRO		19.282	80.200	99.482
Financiera de Desarrollo Territorial S.A. FINDETER		88.821	319.646	408.567
Overseas Banks (1)		1.101.547	128.634	1.230.181
Others		39		39
	$	**$ 1.323.192**	**714.704**	**2.037.896**

1) At the closing December 31,2014 an operation with Panama Banco de Occidente was made for Cop $102.967MM at. 0.1% EA fixed rate.
The operations in foreign currency are indexed at the Libor at 1.09 % EA weighted rate, where a ceiling Libor+ 3.71 % EA and Libor+ 0.66 % EA floor rate was recorded.
For rediscounted obligations in legal tender the ceiling rate is DTF + 5% and the floor rate is DTF +(-5%).
As of June 30 and December 31, 2014, bank credits and financial obligations generated expenses on account of interest for $26.286 and $28.623 respectively.
With the national and foreign banks, financial obligations are backed-up by a frame agreement where the guidelines of the credit granted are defined, without the need of any guarantee by the entity to assign the credit.

(17) Accounts Payable

The detail of interest payable is as follows:

Interest

		Dec, 31-14	**Jun. 30-14**
Deposits and Accountabilities	$	81.005	40.582
Currency market operations		12	9
Credits of banks and other financial obligations		3.095	4.546

Investment titles outstanding		18.760	23.020
Other		8.123	7.893
	$	110.995	76.050
Commissions and fees		**1.581**	**1.711**
Others			

Patrimony tax (1)	$	-	16.886
Other tax		7.889	1.907
Dividends and Surplus by payment (2)		70.164	66.732
Contribution on Financial Transactions		6.574	7.382
Promising Purchasers		7.213	5.970
		7.260	3.946
Payment Suppliers		150.156	128.743
Withholdings and labor Contributions		51.132	36.307
Insurance Premiums		20.367	21.064
Tax collection		66.232	71.330
Checks drawn and uncashed		3.196	2.987
Payments to third parties - Occired		5.641	5.473
Capital Security Bonds		3.138	3.152
Capital Peace Bonds		14.075	14.035
Forwards NDR without delivery		21.696	115
Fondo Nacional de Garantias		5.646	7.153
Sundry		21.872	23.014
	$	**462.251**	**416.196**
Total	$	**574.827**	**493.957**

(1) Patrimony tax shows the following detail during the six-month periods:

		Dec, 31-14	Jun. 30-14
Patrimony tax declared	$	135.087	135.087
Amortization and payment		(135.087)	(118.201)
Balance payable and amortizable	**$**	**-**	**16.886**

(2). The movement of dividends and surplus payable of the 6-month period is itemized below:

		Dec, 31-14	Jun. 30-14
Opening balance	$	**66.732**	**63.602**
Plus: Dividends decreed		134.697	128.149
Less: Dividends paid and reclassifications		(131.265)	(125.019)
Closing balance	**$**	**70.164**	**66.732**

(18) Outstanding Investment Certificates

a. Issue of Subordinate Ordinary Bonds in, 2012 I and 2013 I. Issue of Ordinary Bonds in 2008, 2009, 2010, 2011 (two issues), 2012 II, 2013 (two issues) 2013 II and 2013 III and 2014 I

b. Amount authorized to issue

Year		Amount
2008	$	250,000
2009	$	500,000
2010	$	550,000
2011 I	$	400,000
2011 II	$	247,120
2012 I	$	200.000
2012 II	$	300.000
2013 I	$	200.000
2013 II	$	253.390
2013 III	$	350.000
2014 I	$	350.000

NOTA: The issue made in 2010 was made in two spans, for total amount of $550,000. The first on November 25, 2010 for $359.500 placed and the second one made on May 10, 2011 for $190,450 placed, corresponding to the issue in 2010.

c. Holders' legal representatives of the bonds holders is Helm Fiduciaria S.A.
d. For 2010 issues ($550.000), 2011 ($400.000 and $247,120), 2012 ($200.000 and $300.000) and 2013 ($200.000, $253.390 and $350.000) value and minimum investment is for $10.000.000 and $10.000.000 (in Col$), respectively. For 2008 issues ($400.000) and 2009 ($500.000) the nominal amount and minimum investment is $100.000 and $1.000.000 (in pesos) respectively
c The following is the detail of the series, term, in months, return and balances in the outstanding balances in bonds:

Year	Series	Term (months)	Return		December 31-14	June 30, 2014
2007	One-time	84	IPC + 5.90		50.500	50,500
2007	C	85	IPC + 6.60		53.841	53,841
2008	One-time	84	IPC + 5.90		29.500	29,500
2008	C	85	IPC + 5.90		21.024	21,024
2008	C	121	IPC + 7.00		52.902	52,902
2009	C	121	IPC + 5.75		1.000	1,000
2009	C	85	IPC + 6.00		123.450	123,450
2010	B	60	IPC + 3.15		134.500	134,500
2010	C	60	DTF + 1.35		6.000	6,000
2011	B	60	IPC + 3.05		39.300	39,300
2011	A	36	FIXED 6.65 E.A.		5.380	5,380
2011	A	60	FIXED 7.25 E.A.		12.760	12,760
2011	B	60	IPC + 4.00		59.180	59,180
2011	B	84	IPC + 4.20		32.000	32,000
2011	B	120	IPC + 4.50		134.300	134,300
2011	D	36	IBR + 1.80		3.500	3,500
2012	B	84	IPC + 4.34		80.000	80.000
2012	B	120	IPC + 4.65		120.000	120.000
2012	B	120	IPC + 4.10		100.950	100.950
2012	B	180	IPC + 4.27		149.050	149.050
2012	C	36	DTF + 1.67		50.000	50.000
2013	B	144	IPC + 3.58		200.000	200.000
2013	B	84	IPC + 2.90		19.540	19.540
2013	B	180	IPC + 3.10		2.750	2.750
2013	D	36	IBR + 1.30		231.100	231.100
2013	D	24	IBR + 2.08		218.200	218.200
2013	B	48	IPC + 3.89		70.750	70.750
2013	B	84	IPC + 4.35		61.050	61.050
2014	D	36	IBR + 1,39		150.030	150.030
2014	B	84	IPC + 3,70		122.180	122.180
2014	B	120	IPC + 4,00		77.790	77.790
				$	**2.269.806**	**2.473.313**

(19) Other Liabilities

Below the detail of other liabilities:

Consolidated Labor Obligations:

		Dec. 31-14	Jun. 30 – 14
Labor Obligations (1)	$	46.810	39.957
Income received in advance (2)		10.670	8.277
Deferred credits (2)		14.636	16.755
Pensions retirement (3)		3.398	3.374
Letter of Credit deferred payment		1.806	3.318
Deferred income tax		85.776	93.478
Accounts paid		2.399	2.586
Credits to apply to obligations		15.684	18.245
Other		5.909	6.337

	$	**197.088**	**192.327**

(1) The movement of labor obligations is as follows:

		Jun. 30-14	Accrued Semester	Paid up Semester	December 31-14
Unemployment	$	7.825	8.029	(2.536)	13.318
Interest on unemployment		538	1.351	(173)	1.716
Vacations		10.769	4.606	(4.809)	10.566
Other benefits fringe benefits		20.825	7.870	(7.485)	21.210
	$	**39.957**	**21.856**	**(15.003)**	**46.810**

(2) The movement of income received in advance and deferred credits is as follows

		Jun. 30-14	Charges	Credits	Jun. 30-14
Interests	$	3.791	(15.323)	15.930	4.398
Deferred income for Restructured portfolio		11.913	(3.898)	2.419	10.434
Profit on sale of asset		2.840	(666)	895	3.069
Credit Portfolio given in UVR		850	(895)	45	0
Other concepts		5.638	(22.352)	24.119	7.405
	$	**25.032**	**(43.134)**	**43.408**	**25.306**

(3) The movement of liabilities for retirement pensions is as follows

		Actuarial Calculation
December 31, 2013	**$**	**3.522**
Amortizations during semester		68
Payments made during semester		(216)
June 30, 2014	**$**	**3.374**
Amortizations during semester		232
Payments made during semester		(208)
December 31, 2014		**3.398**

Retirement liabilities has semiannual actuarial studies; the last of which was conducted with closing December 2014.

(20) Estimate Liabilities and Provisions

Below estimated liabilities detailed:

		Dec. 31 - 14	Jun. 30-14
labor obligations	$	381	68
Income tax payable		15.754	75.541
Commerce & Industry tax and other		-	5.654
Contributions and affiliations		4	4
Fines and sanctions, lawsuits, indemnities, and claims		3.922	4.131
	$	**20.061**	**85.398**

(21) Equity Capital

Capital stock authorized is 200.000.000 stocks Col$30 par value each. These stocks are common.

The number of common outstanding shares as of December 31 and June 30, 2014 is 155.899.719.

(22) Reserve

Below the detail of reserves:

Legal Reserve		Dec 31, 2014	Jun. 30-14
Appropriation of profit (1)	$	1.702.804	1.604.753
Premium in placement of stocks		720.444	720.445
	$	**2.423.248**	**2.325.198**

Occasional Reserves			
Credit portfolio protection	$	25	25
Fiscal Dispositions		181.961	154.491
	$	**181.986**	**154.516**
	$	**2.605.234**	**2.479.714**

(1) Includes $ 272,018,5 million for Patrimony revaluation.

(23) Contingent Accounts

Below the detail of contingent accounts:

		Dec. 31 - 14	Jun. 30-14
Credits:			
Bank Guarantee		690.469	594.518
Letter of Credit		79.166	79.790
Approved and non-reimbursed credits		1.836.058	1.645.033
Opening of credit		1.896.904	2.577.732
Obligations in options		219.845	128.712
Other creditor contingencies		6.987	6.878
	$	**4.729.426**	**5.032.663**
Debit:			
Interest of credit portfolio	$	58.102	49.183
Interest of Financial leasing		13.875	13.391
Indexation of financial leasing operations		100	135
Rent Payment and Penalty of Leasing Contracts		7.662	4.833
Rights in options – speculation		201.203	138.888
Rent Payment Receivable (1)		5.865.843	5.979.663
Call Options Receivable		311.837	318.030
Values delivered in Repo and simultaneous operations		176.584	360.371
Other debts contingences		6.300	4.005
	$	**6.641.506**	**6.868.499**

(1) Below the detail of rent receivable:

December 31, 2014

Category of Risk

		Financial Rent receivable	Operating Rent receivable	Total
Commercial		**5.460.836**	**393.783**	**5.854.619**
Category A Normal	$	5.245.755	389.587	5.635.342
Category B Acceptable		93.191	1.709	94.900
Category C Appreciable		52.913	26	52.939
Category D Significant		42.805	10	42.815
Category E Unrecoverable		26.172	2.451	28.623
Consumption		**11.224**	**-**	**11.224**
Category A Normal	$	10.055	-	10.055
Category B Acceptable		291	-	291
Category C Appreciable		133	-	133
Category D Significant		246	-	246
Category E Unrecoverable		499	-	499
	$	**5.472.060**	**393.783**	**5.865.843**

June 30, 2014

Category of Risk

		Financial Rent receivable	Operating Rent receivable	Total
Commercial		**5.546.047**	**422.938**	**5.968.985**
Category A Normal	$	5.304.834	413.396	5.718.230
Category B Acceptable		135.416	3.720	139.136
Category C Appreciable		46.614	5.507	52.121
Category D Significant		28.555	305	28.860
Category E Unrecoverable		30.628	10	30.638
Consumption		**10.678**	**-**	**10.678**
Category A Normal	$	9.725	-	9.725
Category B Acceptable		339	-	339
Category C Appreciable		247	-	247
Category D Significant		137	-	137
Category E Unrecoverable		230	-	230
	$	**5.556.725**	**422.938**	**5.979.663**

(24). Memorandum Accounts

Below memorandum accounts itemized:

		Dec. 31 - 14	Jun. 30-14
Debit:			
Goods and values delivered in custody	$	9	9
Goods and values delivered in guarantee		56.925	40.348
Valuation of goods received in payment		11.117	10.982
Remittances sent to collection		3.157	2.782
Written-off asset		1.223.350	1.095.082
Unused credits in favor		1.949.227	1.098.344
Amortized Investment titles		2.673.886	2.611.165
Assets inflation adjustment		37.684	37.687
Credits to Holding, affiliates & related companies		44	31
New loans agribusiness portfolio		321.966	326.623
Property and equipment fully depreciated		126.196	114.313
Fiscal value of asset		27.270.352	27.269.273
Provision persons in agreement with creditors		2	2
Investments negotiable in certificates of indebtedness		3.340.435	2.141.636
Investments to maintain up to maturity		631.695	660.820
Investment available/via certificates of indebtedness		757.763	539.012
Recip. Active Oper. with parent companies and subsidiaries		835.208	1.594.094
Recip. Active Oper. affecting Expenses and cost with parent companies and subsidiaries		7.105	6.759
Other debit memorandum accounts		148.843	139.368
	$	**39.394.964**	**37.688.330**
Credit:			
Goods and values received in custody	$	1.017.831	968.587
Goods and values received in guarantee future credits		4.247.944	3.424.785
Guarantees pending to be paid		517.026	449.446
Goods and values received fit guarantee		7.322.459	6.740.953
Goods and values received other guarantees		3.331.811	3.283.012
Collections received		6.859	13.692
Recovered of written-off Asset		27.856	32.051

Equity indexation before 1/1/11		225.565	225.565
Capitalization by equity revaluation		225.565	225.565
Investment returns		-	52.906
Equity fiscal value		3.539.670	3.539.670
Qualification of housing portfolio		134.765	71.296
Ranking of portfolio (Capital Interest and Other)		21.471.612	21.075.492
Recip. Passive Oper. with Parent Companies and Subsidiaries		951.156	959.369
Recip. Operations affecting Equity with parent companies and Subsidiaries		69.446	795.909
Recip. Oper. affecting income with Parent Companies & Subsidiaries		847.483	86.467
Other creditor memorandum accounts		574.037	930.734
	$	**44.511.085**	**42.875.499**

(25) Other Operational Income -

Below other operational income itemized by 6-month periods:

Dividends and Participations		**Dec-31-14**	**Jun. 30-14**
Affiliates and Subsidiary companies	$	12.978	15.968
Other Corporate Bodies		68.884	60216
		81.862	**76.184**

		Dec. 31 - 13	**Jun. 30-14**
Checkbook sale	$	10.232	10.362
Commercial information		202	200
Cablegrams, portages, telephone		1.312	1.284
Credencial management charges		17.014	16.659
MasterCard management charges		1.538	898
National consignment		2.163	2.006
Study credit projects		33	47
ATM service		5.165	4.716
Reimbursement accounts payable		3.018	2.841
Management charge personal banking		2.287	2.230
Return insurance polices		25.030	20.583
Management charge business banking		2.999	2.903
Refund of provisions accounts receivable		12.865	10.746
Refund provision of credit portfolio		220.211	208.240
Refund provisions of leasing		1.155	965
Contra Cyclic Reimbursement Provision		626	437
Other		6.257	4.528
	$	**312.107**	**289.645**
		393.969	**365.829**

(26) Other Operational Expense

Below the detail of operational expense other by 6-month periods:

		December 31, 2014	**Jun. 30-14**
Cleaning & Watching Service	$	5.777	5.063
Advertising and Propaganda		30.035	16.893
Public Relations		195	210
Utilities		14.435	13.247
Electronic Data Processing		3.718	3.781
Travel Expenses		3.875	3.618
Transportation Expenses		4.030	3.532
Stationery		3.519	2.926
Grants		90	525
Coffee-house expenses		1.385	1.573
Minor fixings		284	194
Cash Preparation		1.113	1.041
Hospitality expenditures to employees		52	31
Information and Credit		434	416
Other Outsourcing Services		6.516	4.328

Petty-cash costs		78	74
Photocopies		64	67
Subscription and Reference Books		104	103
Fees		15.523	14.223
Contributions and Membership		31.128	26.503
Maintenance & Repair		5.691	5.024
Customization and Installation		1.333	1.008
Taxes		65.457	55.989
Rents		24.620	21.381
Insurance		29.516	25.835
Other		29.637	30.068
	$	**278.608**	**237.654**
Operational Returns repo, simultaneous, transient transfer of securities and other interest	$	80.305	74.641
	$	**358.913**	**312.295**

(27) Other Non-Operational Income

Non-operational incomes by 6-month periods are itemized below:

		Dec. 31 - 14	**Jun. 31-14**
Profit on sale			
Property and equipment		201	63
Goods received in payment		1.723	2.412
Other asset		20	-
Goods written-off		27.856	32.051
Refund of provisions property and equipment and other		21	166
Refund of provisions goods receiving in payment		1.862	4.311
Recover for sinister		1.810	2.287
Refund other provisions		6.486	3.088
Other Recoveries		755	486
Renting	$	992	982
Other (1)		823	12.646
	$	**42.549**	**58.492**

(1) Correspond to non-operational income as of June 30/2014 on account of deposit insurance reimbursement for $12.228 MM.

(28) Non-operational expenses

Non-operational expenses for 6-month periods are itemized below:

		Dec. 31 - 14	**Jun. 30-14**
Loss on sale of goods received in payment	$	98	1.333
Loss on sale of property and equipment and other asset		73	15
Fines and penalties and lawsuits:			
Labor Claims		35	-
Other		192	1.571
Loss for sinister		3.765	3.183
Expenses of goods received in payment		509	403
Expenses of contracts		320	441
Other		368	1.147
	$	**5.359**	**8.093**

(29) Income and Complementary Tax and CREE

The following is the conciliation between accounting profit before tax over the income and CREE, the taxable income estimated by six months periods end on December 31 and June 30, 2014:

a) Current income tax	**Dec. 31 - 14**	**Jun. 30-14**

Profit before Income Tax	$	1.000.181	356.374
Plus (less) items increasing (decreasing) fiscal profit:			
Fines and sanctions		227	1.571
Non-deducible provisions		10.015	3.601
Amortization deferred depreciation		1.781	165
Especial deduction in Productive Fixed Asset Investment of 30%		(19.507)	(15.818)
Other non-deductible expenses		46.247	45.932
		(12.385)	-
		(734.072)	-
Net difference, income between accounting valuation and fiscal investment valuation of the investments		(9.079)	(30.802)
Forward contract valuation, net		45.422	(35.878)
Accrued dividends 2012, payable and not registered in 2011		(8.594)	8.521
Mercantile credit amortized		852	805
Other tax deductions		(30.410)	(18.895)
Dividends and participations non taxed		(73.267)	(82.615)
Exempt Income		(20.303)	(23.207)
Taxable Base current income tax	$	**197.108**	**209.754**

a) Equity income tax - CREE		**Dec. 31 - 14**	**Jun. 30-14**
Profit before Income Tax	$	1.000.181	356.374
Plus (less) items increasing (decreasing) fiscal profit:			
Fines and sanctions		227	1.571
Non-deducible provisions		11.545	3.601
Amortization deferred depreciation		1.781	165
Grants		90	525
Other non-deductible expenses		40.306	45.505
		(12.385)	-
		(734.072)	-
Net difference, income between accounting valuation and fiscal investment valuation of the investments		(9.079)	(30.802)
Forward contract valuation, net		45.422	(35.878)
Accrued dividends 2012, payable and not registered in 2011		(8.594)	8.521
Mercantile credit amortized		852	805
Other tax deductions		(30.410)	(18.895)
Dividends and participations non taxed		(73.267)	(82.615)
Exempt Income		(1.315)	(2.173)
Taxable Base Equity income tax - CREE	$	**231.282**	**246.704**
Current income tax		49.277	52.438
Equity Income tax – CREE 9% (1)		20.815	22.203
Deferred Tax		(11.260)	20.616
Excess of income tax provision		756	900
Total Income Tax	**$**	**59.588**	**96.157**

(1) According to Act 1607 / 2012 as from January 01 / 2013 the equity income tax (CREE) a rate of (9%) for 2013 to 2015 operational periods and (8%) for 2016 and forward, the income tax have a rate of (25%).

As from September 1/2013 the self-withholding system of CREE was implemented by Decree 1828 of August 27/2013, establishing the quality of self-withholder agent to the Bank.

Deferred tax results from the following temporary differences between accounting and fiscal accrual:

Provisions, Net for:		**Dec. 31 - 14**	**Jun. 30-14**
Industry and commerce	$	(440)	706
Forwards Valuation		(15.443)	-
Total deferred tax receivable		**(15.883)**	**706**
Amortization Mercantile Credit		(289)	(274)
Forwards Valuation		-	12.198

Investment Valuation		3.087	10.473
Deferred Depreciation		1.825	(2.487)
Total deferred tax payable		**4.623**	**19.910**
Net deferred tax payable	**$**	**(11.260)**	**20.616**

The Bank determines the debit and credit deferred tax at 34% rate (25% for income tax and 9% for income tax for the equity - CREE).

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b) The following is the accounting and fiscal net worth reconciliation:

		Dec. 31 - 14	Jun. 30-14
Accounting Equity	$	4.061.609	3.956.104
Plus (less) items increasing (decreasing) equity for tax purpose:			
Fiscal readjustment of fixed asset, net		26.794	24.130
Estimate liabilities & provisions involving no fiscal liabilities		4.303	85.398
Provisions of asset involving no fiscal diminution		11.951	18.129
Accrued deferred tax payable		85.776	93.478
Other net asset		236.393	(41.382)
Accounting valuation of net fixed asset		(508.245)	(306.705)
Accrued deferred tax receivable		(6.215)	(2.136)
Accrued deferred depreciation		(67.366)	(61.998)
Fiscal Equity	**$**	**3.845.000**	**3.765.018**

Income tax returns of the tax 2013 and 2012 are within the legal term of revision by National Tax Administration.
The Bank is subject to patrimony income and surtax established for 2011 operational period by the Act 1370 / 2009 and the Legislative Decree 4825 / 2010 at 6% rate, settled over net patrimony on January 1 / 2011.

(30) Technical Patrimony

The technical patrimony may not be less that nine point zero percent (9.0%) of asset in weighted legal tender and foreign currency by credit risk level and market, as provided in article 2.1.1.1.2 of Decree 1771/2012, before Decree 2555/2010. The individual compliance is verified on a monthly and quarterly basis in a consolidated manner with the subsidiary companies in Colombia, supervised by Colombia Finance Superintendence and financial affiliates abroad.

Asset risk qualification in each category is made applying the percentages determined by Finance Superintendence to each item of the asset, credit contingent accounts, business and fiduciary assignments established in the Account Unique Plan

The Bank shows the indicators below:

Technical Patrimony			**Dec. 31 - 14**	**Jun. 30-14**
Basic Patrimony		$	2.423.847	2.325.796
Additional Patrimony			832.451	903.660
Technical Patrimony		$	**3.256.298**	**3.229.456**
Ceiling of Asset growth				
Less:				
Asset and contingencies weighted per risk level				
Category II	20%		70.468	126.244
Category III	50%		613.019	497.975
Category IV	75%		81	-
Category V	80%		2.958.609	3.082.611
Category VI	90%		91.136	267.353
Category VII	95%		3.123	3.118
Category VIII	100%		18.399.817	19.693.061
Category IX	110%		124.223	142.316
Category X	120%		12.640	15.401
Category XI	130%		26	1.286
Contingencies			1.521.171	-

Total weighted asset and contingencies	**$**	**23.794.314**	**23.829.365**
Value market risk	$	2.640.127	1.898.972
Solvency Ratio	%	**12.32**	**12.55**

(31) Transactions with Stockholders, Directors and Related Parties

On December 31 and June 30, 2014 the Bank had loans with stockholders and directors; those operations are made under the general conditions prevailing in the market for similar operations, as follows:

Grupo Aval Acciones y Valores S.A.	Rate		Dec. 31 - 13	Rate		Jun. 30-14
Liabilities:						
Deposits and accountabilities 4,07%	4.64%	$	22.931	4.07%	$	13.344
Accounts Payable Dividends	-		48.652	-		46.287
		$	**71.483**		**$**	**59.631**
Income						
Interest saving Deposits	-	$	71	-		78
Expenses						
Interest	-	$	18	-	$	1.401
Fees	-		5.685	-		7.143
		$	**5.703**		**$**	**8.544**

The sale of shares of Corficolombiana S.A. to Aval Group is disclosed in the Note 7 of marketable investments in participation securities

Transactions with Related Parties

The balances and transactions with related-parties are itemized below, operations made with associated companies at the market prices and rates for the terms thereof:

December 31, 2014

Banco de Occidente	Banco de Occidente Panamá S.A	Fiduciaria de Occidente S.A	Occidental Bank Barbados Ltd.	Ventas y Servicios S.A
Asset				
Available	17.311	-	-	-
Investments	67.418	95.927	41.876	7.180
Credit Portfolio	-	-	-	17
Accounts Receivable:	-	1.818	-	2
Valuations	205	90.640	26.611	2.527
Liabilities				
Deposits & Demands	-	1.209	16	431
Interbank Funds Purchased	98.513	-	48.226	-
Transfers committed	693.098	-	-	-
Accounts Payable	8	-	-	2.193
Net Worth				
Non-realized Profit or Loss	205	90.640	26.611	2.527
Income				
Interest	-	-	-	28
Commissions	-	251	-	49
Dividends	-	12.978	-	-
Rent	-	65	-	-
Other	-	6	98	3
Expense				
Interest	3.964	11	388	-
Other	-	48	-	23.828

June 30, 2014

Banco de Occidente	Banco de Occidente Panamá S.A	Fiduciaria de Occidente S.A	Occidental Bank Barbados Ltd.	Ventas y Servicios S.A
Asset				
Available	75.275	-	-	-
Investments	53.011	88-402	32.927	5.342
Credit Portfolio	-	-	-	14
Accounts Receivable:	-	-	-	1.738
Valuations	11.426	73.391	22.269	2.718
Liabilities				
Deposits & Demands	-	202	21	1.746
Interbank Funds Purchased	241.086	-	52.507	-
Transfers committed	482.129	-	-	-
Accounts Payable	6	-	-	1.070
Net Worth				
Non-realized Profit or Loss	11.426	73.391	22.269	2.718
Income				
Interest	-	-	-	17
Commissions	-	89	-	50
Dividends	-	13.167	2.087	714
Rent	-	66	-	-
Other	-	6	94	2
Expense				
Interest	3.574	27	430	-
Interbanking Funds	180	-	-	-
Other	-	-	-	17.402

Operations with Related Companies – Grupo Aval Entities

As of December 31, 2014

Entity		Asset	Liabilities	Equity	Income	Expense
Banco de Bogotá S.A.	$	$ 4.725	-	-	30	103
Banco AV Villas S.A.		136	-	-	1.502	263
Banco Popular S.A.		-	-	-	390	337
ATH S.A.		1.415	24	1.152	-	847
Fiduciaria Bogota S.A		22	-	-	-	-
Pensiones y Cesantías Porvenir S.A.		405.398	26.349	68.271	30.711	-
Corficolombiana S.A. (1)		401.799	7.757	-	792.017	1.023
Leasing Corficolombiana S.A.		-	2	-	-	-
Fiduciaria Corficolombiana S.A.		-	1.052	-	37	67
Casa de Bolsa S.A.		2.607	1.828	23	27	19
Banco Corfivalle-Panamá S.A.		-	10	-	-	-
Fiduciaria Popular S.A.		-	-	-	17	-
Al Popular S.A.		-	5	-	-	33
Seguros Alfa S.A.		-	10.867	-	-	-
Seguros de Vida Alfa Vidalfa S.A.		-	62.054	-	9.354	-
Gestión y Contacto S.A.		235	-	161	-	-
Hoteles Estelar S.A.		824	6.740	-	642	1.590
Cía. Hotelera Cartagena de Indias		407	-	-	18	-
Inca S.A.		-	-	-	-	9
Tejidos Sintéticos de Colombia		-	29	-	-	-

As of December 31, 2014					
Entity	**Asset**	**Liabilities**	**Equity**	**Income**	**Expense**
S.A.					
Pajonales S.A.	9.562	65	-	104	-
Grupo Aval S.A.	-	71.583	-	71	5.703
Promotora Santamar S.A.	-	217	-	-	-
Mavalle S.A.	-	68	-	-	-
Manuf. Terminadas Mantesa S.A.	178	-	-	12	-
Coninvial S.A.	-	374	-	-	-
Coviandes S.A.	-	3.817	-	-	-
Pizano en Reestructuración S.A.	15.624	-	(356)	805	-
Goajira S.A.S.	-	147	-	-	-
Concesionaria Panamericana S.A.	-	13	-	-	-
Peajes Electrónicos S.A.	-	3	-	-	-
Concesiones CCFC S.A	-	13	-	-	-

(1) The sake of shares from Corficolombiana S.A. to Aval Group is disclosed in the Note 7 of marketable investments in participation securities.

Operations with related companies are at market conditions.

As of June 30, 2014					
Entity	**Asset**	**Liabilities**	**Equity**	**Income**	**Expense**
Banco de Bogotá S.A.	$ 10.330	-	-	39	132
Banco AV Villas S.A	22	32	-	1.314	344
Banco Popular S.A	-	2	-	677	670
ATH S.A	1.366	10	1.103	-	782
Fiduciaria Bogota S.A	25	-	-	-	-
Pensiones y Cesantias Porvenir S.A.	386.405	59.268	65.888	25.154	-
Corficolombiana S.A.	1.118.154	52.786	728.955	34.107	417
Leasing Corficolombiana S.A.	-	30	-	-	-
Fiduciaria Corficolombiana S.A.	-	2.907	-	41	73
Casa de Bolsa S.A.	2.547	2.993	(37)	34	24
Banco corfivalle Panamá S.A	-	23	-	-	-
Al Popular S.A.	-	6	-	1	33
Seguros Alfa S.A.	-	7.242	-	-	-
Seguros de Vida Alfa Vidalfa S.A.	-	58.118	-	11.677	-
Gestión y Contacto S.A.	174	-	99	-	-
Hoteles Estelar S.A.	1.343	3.204	-	680	958
Cia Hotelera Cartagena de Indias	457	-	-	20	-
Inca S.A	-	297	-	-	9
Tejidos Sintéticos De Colombia S.A.	-	26	-	-	-
Pajonales S.A.	12.620	26	-	56	-
Grupo Aval S.A.	-	59.631	-	76	8.544
Promotora Santamar S.A	-	201	-	-	-
Mavalle S.A.	-	175	-	-	-
Manuf. Terminadas Mantesa S.A.	306	-	-	17	-
Coninvial S.A.	-	33	-	-	-
Coviandes S.A	-	2.651	-	-	-
Pizano en Reestructuración S.A.	17.988	-	(98)	800	-
Goajira SAS	-	156	-	-	-
Concesionaria Panamericana S.A.	-	25	-	-	-

Peajes Electrónicos S.A.	-	3	-	-	-
Concesiones CCFC S.A	-	1	-	-	-

Operations with related companies are at market conditions.

(32) Disclosure of Risks
Administration related to risk management
Liquidity Risk

In the second half-year 2014, a positive Liquidity Risk Indicator (LRI) is highlighted with stable tendency; for the indicator at 7 days 5.6 billion is observed and at 30-day COP4.9 billion, such levels higher than those occurred in the precedent semesters. This indicator is mainly represented by an excellent level of net asset the average of which is COP5.8 billion, that given the net liquidity requirements at 7 and 30 days, located in an average of COP223.4899 Million at 7 days and COP894.790 Million at 30 days, and represent 2,465 y 662% mean Liquidity Ratio, respectively calculated as Liquid Assets over the requirement of liquidity. The Early Alert Indicator which aid to manage in an early basis any alert of liquidity risk, showed across the semester stable levels and within the ranges considered as normal conditions.

Market Risk

The measurement made through the calculation of Risk Value reflected a mean exposure level of $196.980 million in the second half-year 2014, such level located within the limits set forth. The fixed income portfolio located in and average of $4.3 billion, continues to be represented mainly by Colombian Government Certificates (93%) and maintains a mean maturity according to the structure of 37 months portfolio.

Objective of Risk Management

The objective is to maintain in the organization a risk control and management culture allowing for the conduction of the different business of the Bank in the commercial and treasury activities within reasonable and measurable exposure margins, preventing from negative impact and supporting the generation of economic value.

Legal Framework
All activities carried out in developing a proper market risk management, shall be consistent with the Basic Accounting Financial Circular Letter C.E. 100, 1995, specially related to the following sections:

- Chapter I: Classification, Valuation and Investment accounting for
- Chapter VI: Relative regulations to Liquidity Risk Management system (LRMS)
- Chapter XVIII: Derivatives Financial Instruments and Structured Products.
- Chapter XXI: Standards Relative to Market Risk Management System (SRMS)

The risks are defined as follows

Credit and/or Counterpart Risk

Credit risk is defined as the possibility for an entity to incur in loss and impairment of asset value as a result of the failure of clients to timely or efficiently comply with the terms agreed upon in the respective contracts.

In Banco de Occidente credit indebtedness levels, both for commercial operations and treasury operations, are analyzed per credit areas and then subject to the consideration and approval by the appropriate business units, specially by Credit Committee and the Top Management or the Board of Directors.

In the analysis, customers' financial statements are taken into account, at least from the last two operational periods, the cash flow and other elements necessary to make informed decisions. Treasury operations are not independent on other operations assigned to the customers.

Especial emphasis is made on customer's payment capacity, both through cash flow and by the analysis of liquidity ratio, current liabilities participation on sales, company's operative cycle and solvency and the other measures integrating the credit analytical model.

Since 2002 operational period, the Bank started a Project to develop Credit Risk Management System (CRMS), which includes credit risk management procedures and policies, structuring of database with customer's historical information, and customer's behavior, development of models for granting, following up and qualification of customers, estimation of expected loss, among others. This development has been adopted based on regulations changes (Chapter II of Accounting and Financial Basic Circular Letter 100 / 1995 from Colombia Finance Superintendence).

Financial entities need to submit the model (by type of credit) to be approved by Finance Superintendence, before its practical application. Those entities failing to submit the internal model or those ones which internal model has been objected need to apply the reference models developed by Finance Superintendence. The model for commercial portfolio began to take force as from July 1/2007 and that for consumption portfolio began to take force from July 1, 2008. For housing and microcredit the reference models have not been developed as yet.

During the first half-year 2008 the Bank began to develop activities to implement Consumption Reference Model (CRM) for customer qualification and provision estimates according to the Annex 5 of Chapter II of Circular Letter 100 / 1995, as well as the activities to develop the analysis of consumption portfolio harvests since January 2005, based on the External Circular Letter 012, 2008.

On May 2009 the entity concluded the development of activities originated from the recommendations made by Colombia Finance Superintendence, as a result of the evaluation of CRMS internal model, communicated on December 2006, which were grouped into five sources of work: Policies, Procedures, Modeling, Database, and Training. This way the weaknesses found were remedied.

Since October 2009 the Entity is working in line with External Circular Letters 035 of September 2009 and 054 of December 2009, where the new portfolio provisions system is defined, which includes the definition of two components of expected loss (Procyclical Individual Component - PIC) and Countercyclical Individual Component– CIC) and the calculation of four (4) indicators determining if the entity can be located in the cumulative or unaccumulative phase of its provisions.

For Portfolio tracking and qualification purposes, the Bank applies the reference models defined by Colombia Finance Superintendence. For Commercial portfolio, in the qualification process, an automatic qualification methodology is used for portfolio which is not individually evaluated, based on models of clients' qualification in function of their likely default, adjusted using macroeconomic and sector factors. This methodology has been implemented since December 2010.

From July 2012, according to the provision in the Circular Letter 026 from Colombia Finance Superintendence, the bank performs the calculations and accounting in a temporary manner from an individual provision additional over consumption portfolio.

Liquidity Risk

Liquidity risk is understood as the contingency of the impossibility to fully and timely comply with the payments in the appropriate dates, due to the deficiency of liquid resources or to the need to assume unusual funding costs.

As from April, 2009 the new chapter VI of "Standards relative to Liquidity Risk Management" began to take force, which derogated the former chapter related to "Criteria and Procedures to Manage Asset and Liabilities" which makes emphasis mainly on Liquidity GAP indicator.

As from October, 2011 and April, 2012 Colombia Finance Superintendence, under External Circular Letters 044, and 017 amended the Chapter VI an introduced Liquidity Risk concepts.

The degree of exposure to risk is determined by the calculation of Liquidity Risk Indicator (LRI). This indicator compares the level of liquid asset adjusted by market liquidity, Exchange risk (AML), and cash position required against net liquidity requirement (NLR). The major characteristics are the following:

- LRI is calculated on a weekly basis closing date Friday and closing monthly date the last calendar day of the month.

- Net Liquid Asset corresponds to the sum of available, investments negotiable in certificates of indebtedness, investments negotiable in certificates of participation, the investments negotiable for sale in certificates of indebtedness and the investments until maturity. Additionally the securities or coupons transferred to the entity in developing monetary market active operations will make part of Liquid Asset

- Withdrawals of deposits at sight will be adjusted by the Net Withdrawal Factor NWF

- The timeframes are distributed by: less than 7 days, 8 to 15 days, 16 to 30 days, 1 to 30 days, and 31 to 90 days.

- It is considered that any credit entity may be producing a significant exposure to liquidity risk when in a given weekly or monthly report; Liquidity Risk Indicator LRI at one week or 30 days is minus.

Market Risk

The possibility for any credit entity incurs in loss and diminution of technical patrimony as a result of the changes in the price of financial instruments where the entity maintains positions in or off the balance. Such changes in the price of instruments may occur as a result of variations in interest rates, type of changes and other indexes.

Among market risk measurements derivative instruments are also taken into account, which are defined as financial operations the entity may make to purchase or sell asset in the future, such as foreign currency or securities, or financial futures over exchange rates, interest rates, or stock exchange indexes. The most common examples of derivatives are the fixed term contracts or “forwards”, the options, futures and swaps, or financial barters. All of them are operations with compliance in the future.

Finance Superintendence of Colombia Standard Model

Standard methodology comprises tour (4) modules, which are separately calculated; such modules are the following:

- Interest rate Risk
- Exchange Rate Risk
- Stock Price risk
- Collective Portfolio Investment Risk

To obtain total exposure to market risk, the results of these modules shall be arithmetically aggregated.

For interest rate and stocks modules, only the treasury book is taken into account. For exchange rate module, bank book positions are also included.

1. Interest Rate Risk Measurement:

Exposure to interest rate risk reflects the risk associated to adverse movements in the market interest rate. Such exposure shall be measured by the entities in a separate manner for positions in Legal Tender, in foreign currency, and in Real Value Units (UVR). The methodology is as follows:

- Calculation of modified length
- Calculation of Sensitivities versus interest rate changes
- Adjustments between bands and zones
- Calculation of interest rate risk for each stair of bands
- Total exposure determination

2. Measuring exchange rate risk:

By this methodology, capital minimum requirement necessary to cover the risks associated to take or maintain positions in foreign currency is calculated, both in the treasury book and in the bank book; In order to calculate exchange rate risk exposure, the controlled entities need to calculate net sensitivity in each currency as the product of net position and the corresponding sensitivity factor.

3. Measuring stock price risk:

Since the objective of positions held in stocks is not the benefit in the short-run of price fluctuations, such positions are not considered as belonging to the book of treasury, and therefore, they are not taken into account to calculate the Value in the Risk.

4. Measuring Collective Portfolio Risk:

For investments in collective portfolios, the exposure to market risk is calculated as the product between risk factor applicable to such fund and the invested position in the factor. The factor of risk applicable corresponds to 14.7%, equivalent to the charge associated to the most risky positions included in the Standard model (stocks).

In order to calculate total exposure to market risk, you must add the exposures obtained for each module of the Standard methodology. The value obtained is computed to calculate Solvency Ration.

Calculation of Risk Value – Internal Model

Calculation of Risk Value of the different portfolios is made using Risk Metrics methodology published by J.P Morgan, the objective of which is to forecast maximum loss level that a portfolio may suffer with 99% confidence level. To calculate daily volatilities, EWMA model is used allowing for giving a higher weight to the most recent information.

Valuation at Market Prices

Banco de Occidente, according to standards set forth by Colombia Finance Superintendence performs evaluation and valuation on a daily basis of total fixed and variable income investments and derivatives; the same procedure applies in the record and causation of interbank operations and repos, applying, for such purposes, the procedure and methodology set forth by the said entity in the Accounting and Financial Circular Letter 100 of November 1995 as amended and currently in force; for such valuation process the Bank uses the applicative acquired from a Software specialized company.

Structure to Manage Treasury Risk

In compliance with the provisions in Internal Circular Letter 088 of December 29, 2000 from Colombia Finance Superintendence, Banco de Occidente organized the Structure of Treasury in three organizational and functional independent areas, to complete trading activities (Front Office); risk monitoring, control and management (Middle Office) and processing and accounting (Back Office).

Results of Liquidity Risks
Closing: December 31, 2014

Liquidity Risk Management System

Banco de Occidente as of December 31, 2014 submitted a LRI at 7 days of $6.092.750 million and at 30 days of $5.411.654 million indicators which allow for determining that there is no any significant value in risk of liquidity. Net liquid assets added up $6.376.870 million versus a Net Requirement of Liquidity of -$284.120 million at 7 days and -$965.216 million at 30 days.

LRI Behavior as of December 31, 2014

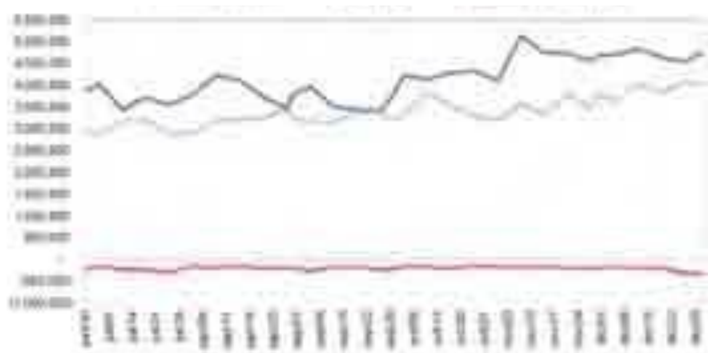
Description		Balance	Band 1 Days 1 - 7	Band 2 Days 8 - 15	Band 3 Days 16 - 30	Band 4 Days 1 - 30	Band 5 Days 31 - 90
Available	$	1.860.235	-	-	-	-	-
Int. Funds, Repos Simult. & TTV		-	221.712	-	-	221.712	-
Investments		4.516.635	4	9.431	122.366	131.801	163.424
Certif. in securing Transfer Rights		-	176.776	-	-	176.776	5.125
Portfolio		-	314.109	355.997	889.645	1.559.751	2.621.118
Derivatives		-	85.602	180.197	178.459	444.258	456.333
Accounts Receivable		-	140.595	160.680	301.276	602.551	301.276
Other Asset & Conting Debtors		-	-	-	-	-	8.092.613
Active Positions	**$**	**6.376.870**	**938.799**	**706.305**	**1.491.746**	**3.136.850**	**11.639.889**
Current Accounts		5.726.364	-	-	-	-	-
TDs		-	350.020	212.034	661.165	1.223.219	1.831.228
Saving Deposits		9.127.976	-	-	-	-	-
Payables		329.767	-	-	-	-	-
Int. Funds, Repos Simult. & TTV		-	216.020	-	-	216.020	-
Derivatives		-	58.101	-	103.406	161.507	331.272
Bank Credits		-	49.564	53.413	167.580	270.557	581.431
Accounts Payable		-	108.478	123.975	232.452	464.905	-
Outstanding Inv. Papers		-	-	718	5.529	6.256	36.837
Other Liabilities & Credit Cont.		-	-	-	-	-	3.121.016
Passive Positions	**$**	**15.184.107**	**782.183**	**390.139**	**1.170.132**	**2.342.455**	**5.901.784**
Net flow, withdrawals Not subject to Contractual maturity –		-	354.296	404.910	759.205	1.518.411	3.036.821
Net Liquidity Requirement		-	284.120	198.762	567.964	965.216	2.234.651
Total Liquid Asset Investment	$	4.516.635	-	-	-	-	-
Total Net Liquid Asset	**$**	**6.376.870**	**-**	**-**	**-**	**-**	**-**
Liquidity Risk Indicator (LRI)		**-**	**6.092.750**	**5.893.988**	**-**	**5.411.654**	**3.177.002**
Liquidity Ratio		**-**	**2244%**	**1321%**	**-**	**661%**	**199%**

LRI Behavior as of June 30, 2014

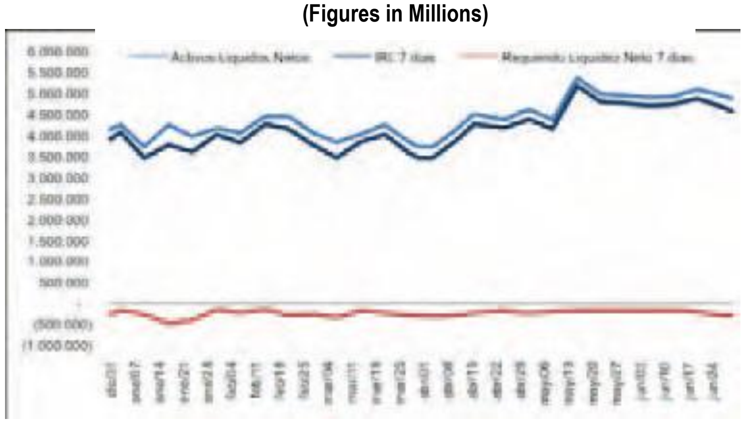
Description		Balance	Band 1 Days 1 - 7	Band 2 Days 8 - 15	Band 3 Days 16 - 30	Band 4 Days 1 - 30	Band 5 Days 31 - 90
Available	$	2.025.116	-	-	-	-	-
Int. Funds, Repos Simult. & TTV		-	626.872	-	-	626.872	-
Investments		2.821.967	1.390	9.349	206.905	217.644	83.632
Certif. in securing Transfer Rights		-	360.708	-	550	361.258	5.101
Portfolio		-	448.325	462.205	1.045.814	1.956.344	2.625.080
Derivatives		-	31.545	37.869	67.351	136.765	158.061
Accounts Receivable		-	128.579	146.947	275.527	551.053	275.527
Other Asset & Conting Debtors		-	-	-	-	-	8.383.224
Active Positions	**$**	**4.847.083**	**1.597.419**	**656.371**	**1.596.147**	**3.849.937**	**11.530.624**
Current Accounts		4.818.361	-	-	-	-	-
TDs		-	300.020	212.175	379.359	891.554	1.322.270
Saving Deposits		9.857.874	-	-	-	-	-
Payables		232.464	-	-	-	-	-
Int. Funds, Repos		-	353.003	-	-	353.003	-

Simult. & TTV							
Derivatives		-	25.514	-	83.494	109.008	77.998
Bank Credits		-	65.102	62.621	102.594	230.317	402.393
Accounts Payable		-	95.496	109.138	204.634	409.267	-
Outstanding Inv. Papers		-	-	636	5.108	5.745	120.435
Other Liabilities & Credit Cont.		-	-	-	-	-	3.695.886
Passive Positions	**$**	**14.908.699**	**839.135**	**384.570**	**775.189**	**1.998.894**	**5.618.982**
Net flow, withdrawals Not subject to Contractual maturity –		-	347.870	397.565	745.435	1.490.870	2.981.740
Net Liquidity Requirement		-	296.751	195.534	380.156	872.441	2.150.181
Total Liquid Asset Investment	$	2.821.967	-	-	-	-	-
Total Net Liquid Asset	**$**	**4.847.083**	**-**	**-**	**-**	**-**	**-**
Liquidity Risk Indicator (LRI)		**-**	**4.550.332**	**4.354.798**	**-**	**3.974.642**	**1.824.461**
Liquidity Ratio		**-**	**1633%**	**985%**	**-**	**556%**	**160%**

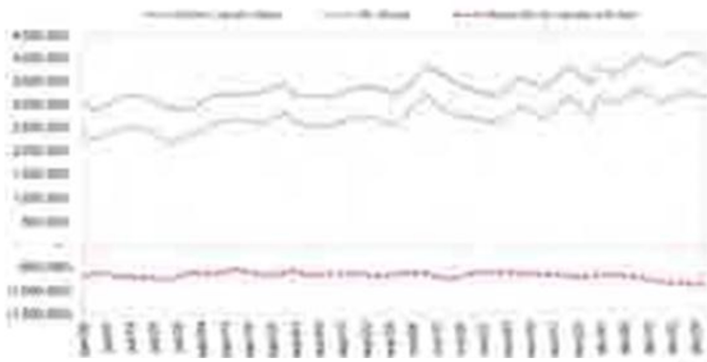
Behavior of Liquidity Risk Indicator (LRI at 7 days) at December 31, 2014 (Figures in Millions)



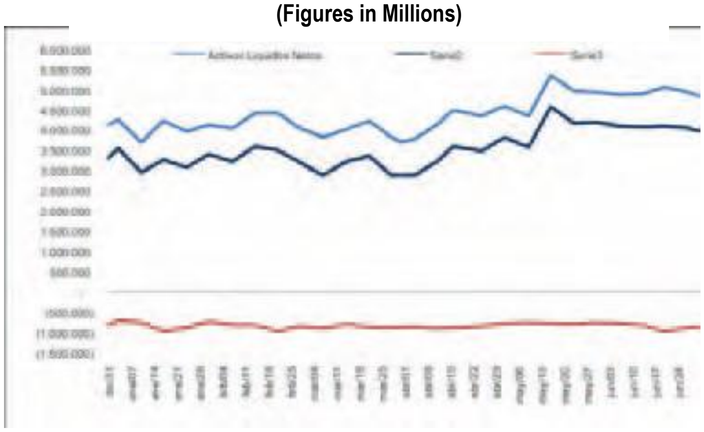
Behavior of Liquidity Risk Indicator (LRI at 7 days) at June 01, 2014 (Figures in Millions)



Behavior of Liquidity Risk Indicator (LRI at 30 days) at December 31, 2014 (Figures in Millions)



Behavior of Liquidity Risk Indicator (LRI at 30 days)
at June 30, 2014
(Figures in Millions)

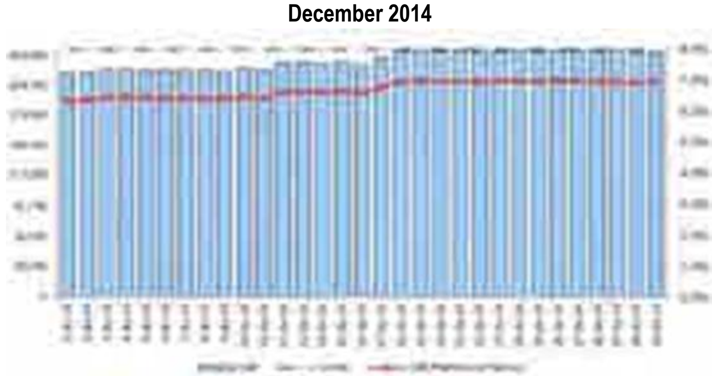


Result of Market Risk

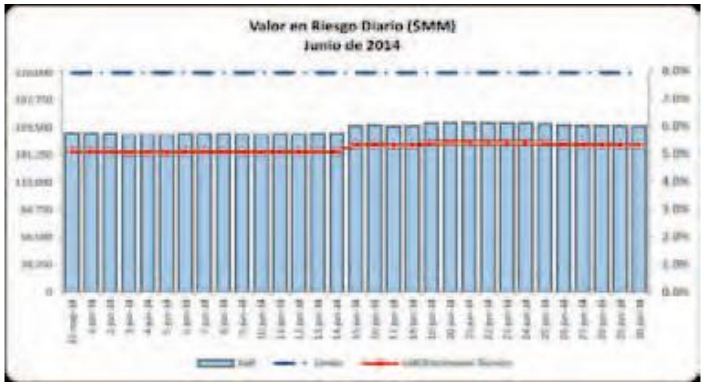
At the closing of the operational period on December, 2014, the value of risk of Banco de Occidente, reckoned using the new methodology provided in the Circular Letter 042 of 2010 (standardized model of Risk Value in blocks, as suggested by Basle Committee), gives the result COP237.611. The Figure below shows the recent evolution of the Value of Risk:

Risk Value per Modules		Dec. 31-14	Jun. 30-14
Interest Rate	$	235.560	167.759
Exchange Rate		2.051	3.149
Total Risk Value	**$**	**237.611**	**170.907**

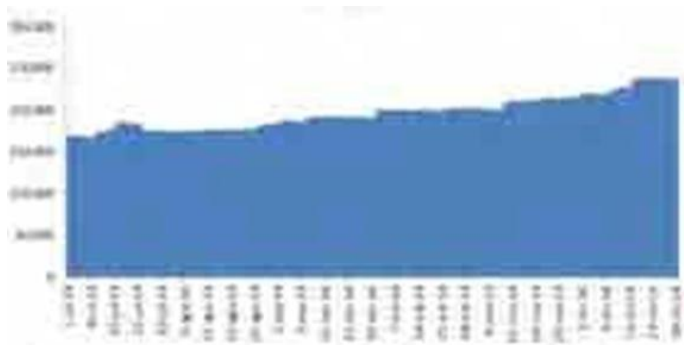
Value in Daily Risk ($MM)
December 2014



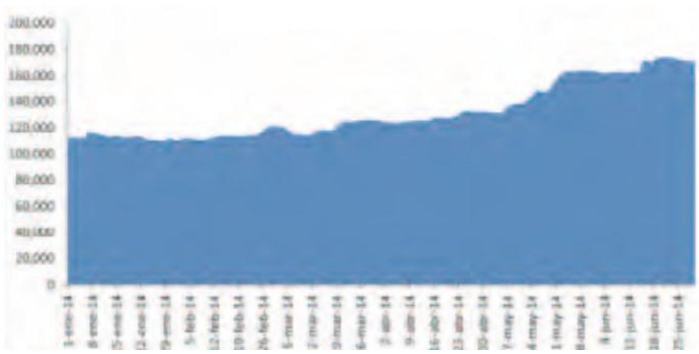
Value in Daily Risk ($MM)
June 2014



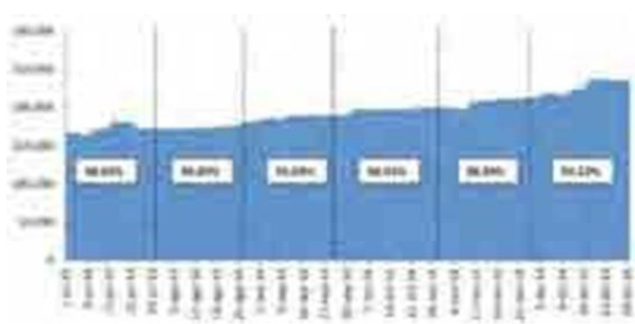
Value in Daily Risk ($MM)
II Half-Year 2014



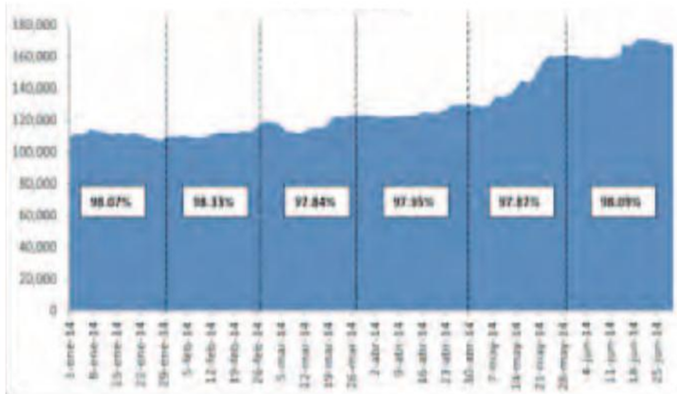
Value in Daily Risk ($MM)
I Half-Year 2014



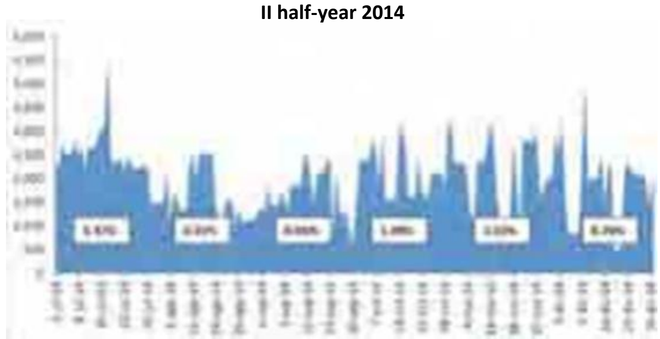
Risk of Interest Rate ($MM) & contribution to total VaR
II half-year 2014



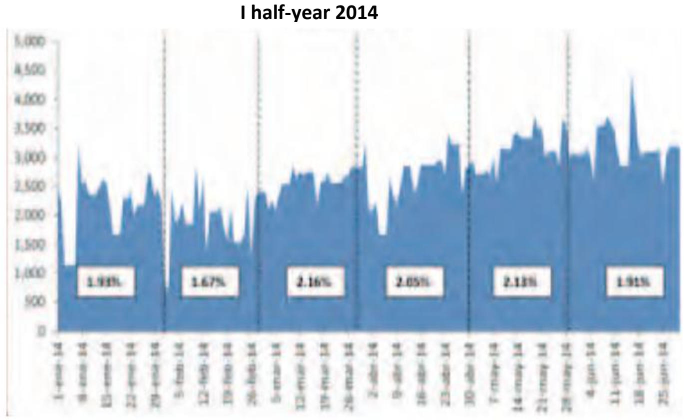
Risk of Interest Rate ($MM) & contribution to total VaR
I half-year 2014



Risk of Exchange Rate ($MM) & contribution to Total VaR
II half-year 2014



Risk of Exchange Rate ($MM) & contribution to Total VaR
I half-year 2014



Solvency Ratio

Calculation of solvency ratio corresponding to the closing periods December 31, 2014 and June 30, 2014 is follows:

Value in Risk per Module		**Dec. 31-14**	**Jun. 30-14**
Total VeR (*)	$	237.611	170.907
Technical Patrimony (*)	$	3.256.298	3.229.456
Assets Weighed by Risk Level (*)	$	23.794.314	23.829.365
Solvency Ratio		13.69%	13.55%
Solvency Ratio (VeR 100%)		12.32%	12.55%
VeR / P TECH. (Legal Required)		**7.30%**	**5,29%**

As of December 2014, the value in the market risk represents 7,30% of technical patrimony, compatible to Bank's asset and liabilities structure and to the investment and risk policies established, as well as the use of capital and historical behavior in these risks, in accordance with the changes set forth in Decree 1771 of August 23/2012.

Operational Risk

According to the definition given by Colombia Finance Superintendence, Operational Risk is understood as the possibility to incur in loss due to deficiencies, failures or inadequacies of human resource, processes, technology, infrastructure or otherwise, due to the occurrence of external events. This definition includes the legal risk, custody risk, and reputational risk associated to such factors.

On a monthly and trimestral basis and in an itemized manner ORMS Committee and the Board of Directors are informed about the most relevant aspects of the events related to operative risk, such report including the tracking of corrective actions implemented, aimed at mitigating the qualified risk in the external and high zones, the evolution of loss by this type of risk, the analysis of which allows for prioritizing the materialized events in the Bank, among others. In the same way, the changes in risk profile, the identification of new risks and control of the current and new processes are reported to such entities

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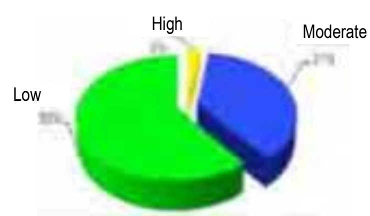
The Bank has available a database where operative risk events are recorded, such database is permanently fed with the reports submitted by Operative Risk Managers and by the concentrating areas. Such database is reconciled on a monthly basis with PUC accounts assigned, ensuring a proper accounting tracking. Tracking operative risk event records allows for feeding back ORMS, i.e., to identify new risks, reclassify risks and controls, prioritize those processes where development of action plans are required, among others

Operative Risk Management System, as well as Internal Control System, has been reinforced by risk, failures and controls permanent updating in the process risk matrixes and its respective documentation in the procedure manuals. On the other hand, in compliance with the EC 041/2007, from Colombia Finance Superintendence,

during second first half-year 2014, the ORMS training to third parties was made, who discharge duties in the entity with 99% coverage, which allows the generation of a risk culture both to the bank's employees and to all those persons, directly or indirectly supplying their services to the entity.

Below Bank's consolidate risk profile is showed with closing date December 2014

Residual Risks December, 2014		
Extreme	0	0%
High	31	3%
Moderate	472	37%
Low	765	60%
TOTAL	1.268	100%



Business Continuity Plan

As a part of Operative Risk Management and according to the definition given by Colombia Finance Superintendence, Business Plan Continuity makes reference to the detailed group of actions described in the procedures, systems and resources necessary to resume and pursue the operation in the event of any interruption.

In the Second half-year 2014, the work of permanent updating was continued of continuity model (updates strategies, plans and directories) the implementation of the final stages was continued for the electronic compensation processes. In the same way, permanent monitoring was made to the completion of technological and operative tests in order to ensure the effectiveness of the plans.

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Lastly, and to comply with the External Circular Letter 042 from Finance Superintendence, following up is permanently made to the continuity plans of third parties offering to the Bank critical services, scheme reinforced this year with Asobancaria support.

Risk of Asset Laundry and Financing of Terrorism

The legal framework for Laundry Asset Control and Prevention, is essentially based on policies, regulations and procedures included in the Circular Letter 026 of June 27/2008 contained in the First Title, Chapter 11, of Circular Letter 007 / 1996 issued by Colombia Finance Superintendence, as well as the provisions in the Financial System Organic Statute, and recommendations of Group of Finance Action (GFA) and Colombian legal provisions.

It is advisable to underline that the Bank count on the resolute commitments from all its employees and Directors in their concern to prevent the occurrence of Risk of Laundry Asset and Financing of Terrorism, fully complies with the opportune submission of the different reports and information to all the control bodies, appropriate structure of compliance which has been duly trained about the Risk Management stressing on the prevention of laundry asset and Financing of Terrorism, has available an advanced system of transactional monitoring which is duly segmented and profiled and added to the analysis of quantitative qualitative variables thereby becoming a solid and reliable instrument for the detection and prevention of the occurrence of Laundry Asset, and in the same way, the Bank acquired and implemented the software Mineria de Datos SPSS Modeler and updated the version of its software specialized in the Risk Management SARLAFT, has available a functional and interactive program for training about Prevention of Laundry Asset and Financing of Terrorism addressed to all of the employees, allowing to conduct an evaluation of the knowledge gained in accordance with the international standards. Similarly, a widely recognized methodology was implemented for the qualification of the several different risk factors and the risks associated focused to the prevention of Laundry Asset and Financing of Terrorism.

For the reasons above, it is advisable to state that the SAR-LAFT developed by Banco de Occidente contains appropriate controls allowing for mitigating the risks of laundry asset and financing of terrorism, as well as the legal risk, operational reputation and contagion, implementing the due control, monitoring and opportune reporting, this way meeting the expectations of controlling authorities as well as correspondent Banks abroad.

(33) Corporate Governance

In regards with Corporate Governance concept, the Board of Directors of the Bank, consulting and integrating the legal, regulatory and statutory directives, as well as internal policies and the best practice of government, the Bank established and issued a code of corporate governance.

Board of Directors and Top Management

The Bank is aware of the responsibility inherent to the management of the bank business risks, knows that they are consistent with the entity's general strategy and are informed about the processes, business structure and the nature of activities.

It is a policy of the Board of Directors and the Top Management to assist with guidance and follow up Bank's business, by issuing the instructions and guidelines to grant the credits, determining the policies and limits of action by type of market, product or business unit; defining the profile of risk of the entity and adopting the actions necessary to face with the new financial risks; establishing the organizational structure required and assessing the administration risk methodologies.

The Board of Directors is responsible for the approval of methodology, procedures and limits to grant the credit facilities. There exists a protocol of report addressed to this business unit in order to keep the appropriate instance properly informed about credit risk management.

Additionally, the Board of Directors urges the compliance with the policies of internal control through its Audit Committee, with a view to reduce operational risks.

Reports to the Board of Directors and to the Top Management

The Board of Directors and the Top Management of the Bank, have available clear, accurate, and opportune information means allowing for implementing permanent control over the several different risks inherent to bank business with the exposures per type of risk, per area of negotiation and per portfolio.

Such reports allow for doing a regular follow up of business, profitability and management indicators.

The Code of Corporate Governance defines the issues related to the establishment and supervision of control policies of the entity, the objectives, goals, mechanisms and responsibilities of the different administrative bodies, as well as control issues must be knows of the Board of Directors and the Audit Committee empowered by the Board.

In the same way, establishes the responsibilities, limits, and quote about management, supervision and control of risks in completion of the different Bank's business, under the limits of exposure, covering counterpart's or credit risks, Liquidity Risk, Interest Rate Risks, Exchange Rate Risk, Derivatives Risks, and Operational Risks.

Technology Infrastructure

The Bank has been outfitted with systems and technologies rendering its activity more controllable. The streamline technology process has not been only about traditional software of registry and accounting of operations; it has implied as well updating of security and communication systems.

On the other hand, the Control and Risk Management Areas rely on technologic structure to offer information assess production process and the results obtained, both per operation and at portfolio level.

The Bank has in place several different information systems documented to support all activities, in addition to applicative equipped with database to satisfy control requirements. Most of these applicative are open systems allowing for unloading information to electronic sheets so to support measurement, follow-up and risk control activity.

The Bank makes technological developments on a permanent basis in order to verify and increase operational control and reduce associated risks.

Risk Measurement Model

To identify, measure, and monitor the different types of risks, the Bank holds specific methodologies and information and measurement systems allowing for qualifying and quantifying business risks according to the standards prevailing; Credit, Market, Liquidity, Operative.

In the specific area of measurement of Market Risk and Liquidity Risk the Bank adopted Finance Superintendence standard methodologies.

Organizational Structure

The Bank has in place an Organizational Structure headed by Risk and Collection Vice President, allowing for promoting analysis, integration and management of risks inherent to the several different business types.

Credit risk management of credit operations, as well as operative and business continuity risks is made in the Division of Credit and Operative Risk, while market risk management in Treasury operation and Liquidity Risk is accomplished by Treasury Risk Division.

In the same way, concerning operation and business continuity risk, the Bank has commenced a quantification work.

The Bank has available the Division of Control and Compliance Unit specifically for juridical risk linked to laundry asset.

In the same way, Legal Vice-Presidency manages the other legal risks.

Authority and responsibility levels in risk management are identified and recognized by the employees of every area, who have available an accurate description of functions, objectives and scope of their positions.

Human Resources

Bank's Personnel Selection Area has established some criteria related to minimal educational and experience levels required according to the profile of every position.

People involved in risk analysis, measurement and management, hold professional training and skills necessary to discharge their duties in a competent manner.

Specifically it is intended to combine a demanding professional training in financial area and a recognized honesty and human quality.

To maintain employees' technical competence, internal and external training programs are made about the topics required for risk management, as well as participation in several different forums and interaction with regulatory and controlling entities.

Verification of Operations

Technological Systems, processes involved, evaluation tools and mechanism established throughout the different negotiations allow for evidencing operations to be made according to the conditions agreed upon. Such systems render more agile and transparent risk management and control.

At present, there are in place several security mechanisms such as telephone call recording, security cameras located in strategic points, electronic control of physical access to the units, contingency plans and assistance in the event of systems failures or interruptions, restricted access areas; control of access to systems, as well as procedures established for the closing operations allowing for verifying timely and properly accounting of operations.

Specifically in the table of Treasury there are in place recording devices allowing for verifying transaction made by the operators, such recordings properly maintained and during the time indicated in the legal standards. Additionally, the Code of Conduct, containing the guidelines, policies, parameters, duties and obligations to be complied by all employees prohibits the use of cell-telephone in negotiation room. In the same way, the Bank counts on a signal blocking mechanisms of those communication devices.

Audit

Bank's Internal Auditing allocated the human resource necessary to review and evaluate those aspects related to risk management and administration. Internal Control system operating in the Bank allows for Audition keep informed in detail about the operations made and implement the follow-up to the opportune and proper accounting activities according to the chronograms and defined working plans.

The major internal auditing duties are the periodical and systematic operations revision; analysis and verification of compliance with internal control; generation of report including enhancement recommendations and follow up and advisory about the actions implemented.

Bank controlling agencies validate on a permanent basis all activities, transactions and operations of the Bank; such validation is made within the parameters allowed by the regulations prevailing and authorized by the Board of Directors and the Top Management.

(34) Legal Controls

As of December 31, 2014 and June 30, 2014, the Bank has complied with the swap provisions requirements, own position, minimum capital, mandatory solvency and investment ratio

(35) Contingencies

Against the Bank, by the closing December 31, 2014, there are civil proceedings the amount of which are itemized below:

Claimant	Valuation	Provision	Type of proceeding
Jose Reinaldo Bolaños	413	-	Others
Ernesto Acosta Trujillo	350	-	Others
Carlos Enrique Viña Niño	574	574	Ordinary
Jorge Enrique Gamboa B.	200	200	Civil
Enilda Teresa Cárdenas W.	130	130	Civil
Aguilar Carlos Julio Otros	159	-	Executive
Claudia Marcela Burbano	178	178	Labor
Roberto Bohorquez Robayo	125	125	Labor
Tesorería Distrital de Bogota	725	725	Administrative
Tesorería Distrital Cartagena	107	107	Administrative
DIAN	466	466	Administrative

Claimant	Valuation	Provision	Type of proceeding
Arquidiocesis de Cali y otros	400	-	Others
CI Internacional Fuels Ltda.	200	200	Civil
Parmenio Rodriguez Gamboa	200	-	Civil
Serviseguros Ltda. Agencia de Seguros	200	200	Civil
Arredondo Madrid Ingenieros Civiles	280	280	Civil
Others	1.486	737	Sundry
$	**6.193**	**3.922**	

Pursuant to provisions in the External Circular Letter 066 of December 2001 from Colombia Finance Superintendence the rank to determine the type or risk and the percentage of provision is calculated as follows:

Type of Risk	Provision Percent
Remote	0%
Eventual	50%
Probable	100%

(36) Subsequent Events

Between December 31 / 2014 the date of closing operational period, and January 26 / 2015, the date when the concept of Statutory Auditor was issued, no any situation or evens influencing the submission of Financial Statements have occurred on December June 31 / 2014 additional to the date above in the Note 7 to Financial Statements..